

JPRS 83998

28 July 1983

# Near East/South Asia Report

No. 2791

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28 July 1983

## NEAR EAST/SOUTH ASIA REPORT

No. 2791

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TRADE RELATIONS BETWEEN ARAB STATES, USSR

Paris AL-MUSTAQBAL in Arabic No 33, 18 Jun 83 pp 53-56

[Article: "Soviet-Arab Foreign Relations: Oil in Exchange for Weapons and Projects"]

[Text] A delegation of Arab businessmen will visit Moscow in September to review the scope of Arab-Soviet trade relations and expand them.

It is expected that light will be thrown on Arab-Soviet trade relations during the visit of a delegation of Arab businessmen to Moscow next September in response to an invitation from Soviet chambers of commerce.

The board of directors of the Arab-Soviet Chamber of Commerce recently met in the Jordanian capital to discuss cooperation between the Soviet Union and the Arab world. They concentrated on the need for cooperation in the fields of training, agriculture, dry lands, irrigation systems, and solar power. However, the most significant decision made by the board of directors concerned the visit of a delegation of Arab businessmen to the Soviet capital. This visit appears to be aimed at achieving a balance in the relations of the international Arab chambers of commerce, for it was decided that the Arab businessmen would also visit the United States this summer.

Trade relations between the Arabs and the Soviet Union are not new; in fact, they are fairly old. In 1948, Egypt concluded the first Arab agreement on trade cooperation with the Soviet Union. It was followed by Syria in 1955, North Yemen in 1956, Tunisia in 1957, Morocco in 1958, Iraq in 1958, the Sudan in 1961, Jordan in 1969, Yemen in 1969, Lebanon in 1970, Algeria in 1972, and Libya in 1974.

A mass of data indicates that the most important Soviet exports to the Arab states are arms and "projects", whereas the most important Arab export to the Soviet Union is oil. While the Soviet Union was able to gain a trade advantage in the Arab socialist states, Soviet goods could not hold their own in the open Arab markets like Lebanon and the Gulf states because of their limited competitiveness. However, it has been generally observed that Arab oil exports to the Soviet Union are growing steadily.

The General Association of Chambers of Commerce, Industry, and Agriculture in the Arab countries recently did a study on Arab-Soviet trade relations that include some relevant points, which are summarized as follows:

"The volume of trade between the Arab countries and the Soviet Union rose from about \$50 million in 1966 to \$4.488 billion in 1981, that is, about 89 times more than in 1956. Calculations show that while the volume of trade increase about threefold in the 1960s (from \$237 million in 1960 to \$775.5 million in 1970), it increased in the 1970s at a faster rate, rising from 1970 to 1981 by a factor of 8.5."

The study observes that the volume and rate of increase in Arab-Soviet trade remain much below those of the Arab countries with the Western industrial countries. For example, Arab-Soviet trade amounted to 2 percent of the total volume of foreign trade of the Arab countries and to 3 percent of the total volume of Soviet trade with the world (4 percent in 1981). Soviet trade with the Arab countries constitutes an important part of its trade with the developing countries, usually between one-fifth and one-third. Moreover, the percentage increased sharply in the 1970s over the preceding period, for in 1955, 1975, and 1981 it was 11.3, 30.6, and 20 percent, respectively.

It will be noted that the Arab countries' trade balance with the Soviet Union experienced numerous upsets in different periods. In the 1960s, for example, there was a comparatively small deficit of \$6 and \$1 million in 1960 and 1965, respectively, but a large surplus in favor of the Arab countries in the first half of the 1970s, the amount increasing from \$93 million in 1970 to \$646 million in 1975, that is, about 7 times what it was 5 years earlier. The surplus was due to the steady increase in exports from Algeria, Syria, Iraq, Egypt, and Morocco. In contrast, the second half of the 1970s recorded a decline in the surplus of the trade balance that was manifested since 1978 by a deficit of \$555 million, which rose to \$1.255 billion in 1981, that is, the deficit more than doubled from 1978 to 1981. This was occasioned mainly by the large and sudden decline in Iraqi exports to the Soviet Union. These exports declined from \$340 million in 1980 to about \$6 million in 1981. This was at a time when Iraqi imports from the USSR rose in these 2 years from \$623 million to \$1.268 billion, that is, they almost doubled.

The study continues: "Until the end of the 1960s Egypt had the largest share of the total volume of Arab-Soviet trade, constituting 88, 52, and 47 percent in 1958, 1960, and 1965, respectively. But in the 1970s other countries such as Iraq, Syria, and Libya managed to greatly increase their trade with the Soviet Union. These countries accounted for about 84 percent of the Arab exports to the USSR and 75 percent of their imports on average for the 1977-1981 period.

It is noted that the share of Libya and Syria in trade relations with the Soviet Union grew during the last 5 years (1977-1982). The former's trade increased ninefold and Libya became the Soviet Union's largest Arab source from 1980 to 1982. The latter's trade increased threefold. Libyan-Soviet trade constituted 17 and 30 percent of the total volume of Arab trade in 1981 and 1982, respectively, while Syrian-Soviet trade constituted 17 and 13 percent in the same years. Egypt maintained an important position in Arab-Soviet trade from 1978 to 1981, occupying the second and third places.

Algeria, Morocco, and People's Democratic Republic of Yemen are regarded as having increased their volume of trade with the USSR. Their share of the Arab countries' imports from the Soviet Union averaged about 16 percent in the 1977-1981 period and 13 percent in 1982. Their share of exports was 13 and 7 percent, respectively. As for Algeria, the volume of trade with the USSR in the 1977-1981 period increased by 25 percent. As for Morocco and the People's Democratic Republic of Yemen, the volume of their trade in the same period increased by 150 and 180 percent for each country.

Speaking of the Gulf countries (with the exception of Iraq), the study says they import from the Soviet Union but do not export to it. Very often this trade is carried out through a third party because direct trade relations do not exist between these countries and the Soviet Union. Moreover, the trade of these countries with it is meager. In 1981, there were four Gulf countries (Bahrain, Oman, Qatar, and the United Arab Emirates) whose volume of trade with the Soviet Union and other East European countries did not exceed 1 percent of their total trade with the world. It is noted, however, that Kuwait and Saudi Arabia have tended to increase their trade with the Soviet Union in recent years. Saudi imports from the Soviet Union rose from \$4.1 million in 1972 to \$40.5 million in 1980, that is, about tenfold.

Jordan too is regarded as having markedly increased its trade with the Soviet Union in recent years. Imports rose from \$2.3 million in 1973 to \$69.3 million in 1982. As for Lebanon, Yemen Arab Republic, the Sudan, and Tunisia, their trade with the Soviet Union has been growing but slowly. It fluctuates, sometimes rising or falling, depending on the year. Somalia, Mauretania, and Djibouti have thus far been unable to develop growing trade relations with the Soviet Union."

The study says: "The structure of Arab-Soviet trade is determined by two main factors: (1) needs of the Arab countries and (2) Soviet export capabilities because the USSR is a large industrial country. Therefore, the most important goods that the Arab countries import are various kinds of machines and equipment, which represent about one-third (of the total imports). They include assembly machines, factories, and other projects valued at about half of the total dollar amount. The Arab countries that import these items are Egypt, Iraq, Algeria, and Syria which use them to build and develop various branches of industry: mining, thermal power, automobile manufacture, petroleum, chemical, light goods, food, and drugs. Among the machines and equipment imported by the Arab countries from the Soviet Union are metal-shaping lathes, equipment to produce thermal and electric power, road-building equipment, farm machines, various kinds of vehicles, ships, airplanes, etc."

It is also noted that the share of oil in the total Arab exports to the Soviet Union increased in recent years, amounting to 60 percent in 1979 (\$800 million) and 50 percent in 1980 (\$718 million). The Soviet Union purchases oil mainly from Iraq, Libya, and Syria.

The agreement concluded between the Arab states and the Soviet Union allows the latter to resell the imported oil. A number of Arab countries obtain

quantities of oil by importing it from the USSR. Among them in the Yemen Arab Republic which acquired 150,000 tons in 1979 and Morocco which made a deal to buy 500 tons in 1981.

However, the study says in this connection that the Soviet Union's importation of oil is less a matter of need than a reflection of the nature of the Arab economies and export capabilities, for these countries use oil to pay for their purchases of Soviet goods. Besides, the Soviet Union is a principal oil producer and a source of oil in the world markets.

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CSO: 4404/467

ARMENIAN AFFAIRS

MAJLIS DEPUTY, BISHOP SEND PROTESTS TO PREMIER, EDUCATION MINISTER

Majlis Deputy's Letters

Tehran ALIK in Armenian 14 Jun 83 p 1

[Text] Yesterday morning, Hrair Khalatian, the Representative of the Armenian Community of Northern Iran in the Majlis, sent two letters of protest to the Prime Minister of the Islamic Republic of Iran and the Minister of Education in connection with the holding in Persian of the final examinations in religion for the graduating classes of elementary and middle schools.

Following are the texts of Hrair Khalatian's letters:

The Honorable Prime Minister, Engineer Mir Hosein Musavi-Khamenei:

Dear Brother:

With my blessings, I am sending you Archbishop Ardak Manugian's letter of protest and a copy of the letter written by the Chairman of the Armenian Diocesan Educational Board of Tehran so that you will order the correction of the causes of this protest. According to our information, the improper behavior of a number of officials during the final examinations of Armenian students has caused anguish to the students and their parents and has been seen as disrespect to their religious convictions.

In this connection, I have also sent a letter to our brother [Minister of Education] Ali Akbar Parvaresh, and I am certain that this issue will receive his attention as well.

The reason I am taking up your time is that it was decided during a meeting we had a month ago that in the event of a pressing problem you be notified of it immediately and that one of your aides or advisors be assigned by you to resolve the problem.

Thankfully and respectfully, [signed] Hrair Khalatian.

The Honorable Minister of Education and Training, Seyed Ali Akbar Parvaresh:

With my blessings, you have probably received Archbishop Ardak Manugian's letter of protest dated 11 June.

In view of the fact that all the religious education questions for the Armenian students were prepared under the supervision of the Holy Father on the basis of what was taught at the schools during the school year and the fact that these questions were conveyed to the Ministry of Education by the Armenian Diocese Council as in previous years, the manner in which the examinations were held and the improper attitude of certain officials toward the Armenian students and their religious convictions are insults against Armenian religious principles and laws.

I am certain that you will issue instructions without delay to end this incorrect and provocative situation.

Thankfully and respectfully, [signed] Hrair Khalatian.

Bishop's Message

Tehran ALIK in Armenian 16 Jun 83 p 1

[Text] His Holiness Archbishop Ardak Manugian, the Prelate of the Armenian Diocese of Tehran, has sent a second letter to Minister of Education Ali Akbar Parvaresh demanding that the final examinations in religion for the graduating classes of elementary and middle schools be held in Armenian and in accordance with the rules of the Armenian church.

Copies of this second letter have been sent to the same high-level government officials who received the Holy Father's first letter (see ALIK 11 June 1983).

In the name of God,

The Honorable Minister of Education and Training, Ali Akbar Parvaresh:

Respectfully, this is a follow-up on the letter numbered 313-1193 and dated 21 May 1983 in which explanations were given about the way the final examinations in religion for the 5th grade of Armenian elementary schools were held and a repetition of the said examinations was requested. At the conclusion of the letter, Your Eminence was requested to take steps to insure that the final examinations in religion for the 3d grade of the Armenian middle schools in Tehran be held in accordance with the rules of Armenian church and religion and on the basis of the questions prepared in Armenian by the Prelacy specially for the students of the schools of the Armenian religious minority.

We learned with grief that the issue was once again disregarded by the examination officials as a result of which the students were put in an unexpected situation and could not take the said examination.

Therefore, we request once again that in addition to rectifying the problems mentioned above steps be taken to hold the final examinations in religion for the graduating classes of the Armenian elementary and middle schools of Tehran in Armenian and in accordance with Armenian religious and church rules.

[Signed] Archbishop Ardak Manugian, Prelate of the Armenian Diocese of Tehran

ARMENIAN AFFAIRS

RELIGIOUS LEADER INTERVIEWED ON ARMENIAN AFFAIRS

Tehran ALIK in Armenian 18, 20 Jun 83

[Interview with Archbishop Ardak Manugian, Prelate of the Armenian Diocese of Tehran; date and place not specified]

[18 Jun 83 p 5]

[Text] As is known, during the last week of January 1983, the [Armenian] National Congress was held in Lebanon. Delegates from the Armenian Diocese of Tehran, headed by the Holy Father, also participated in the congress. We had an interview with His Holiness Archbishop Ardak Manugian, the Prelate of the Armenian Diocese of Tehran, in connection with the issues raised at the National Congress, the results of his visits to other countries in the diaspora and the educational and academic problems which have been causing grief and anxiety to the Armenian community. Below, we present the interview:

Question: What do you have to convey to the community about the National Congress and your visits to other Armenian communities in the diaspora?

Answer: The participants in the National Congress were the prelates of and delegates from dioceses within the jurisdiction of the Holy See of Cilicia. General items on the agenda of the congress included reports about the religious and political meetings of the central administration of the Catholicate of Cilicia and brief reports about the work of the dioceses on ecclesiastical, educational, cultural and administrative issues. The participants also generally discussed the issue of religious education, the popularization of culture and the work that must be carried out through the church in connection with the Armenian Cause. I can state that the congress covered the items on its agenda in the best manner and took positive decisions for the Catholicate of Cilicia and its dioceses with an eye to making the church more eminent in the dioceses, raising the level of teaching of Armenian language and other subjects taught in Armenian in schools, strengthening the national spirit, disseminating culture further among the people and making the people understand the value of culture because our identity is primarily rooted in our unique and original culture. I am certain that such meetings yield good results because, this way, the dioceses are kept informed about the work that is under way. Each diocese is concerned with problems peculiar to its own region, but each diocese also shares common traits with others, most importantly, maintaining the preeminence of the church

and strengthening it, preserving the Armenian character of our school network and striving to serve our people in general. My visit sadly coincided with the death of Catholicos Khoren I. We participated in ceremonies held on that occasion on behalf of our diocese and, although we were there on Vartanants Day to hold Mass and to sermon, our sermon that day focused on the life and work of the late Pontiff in view of the fact that he had died the previous day. The first requiem for the late Catholicos was also held that day.

We were able to witness the state of Lebanon and the Lebanese-Armenian community in particular following 8 years of war. The people have overcome their anxieties and everyone is pursuing his own business. The schools are in operation and cultural activities are under way once again. The only problem that remains is the issue of Lebanon's sovereignty over which talks are currently in progress.

During the time we were in Lebanon, everyone was interested with the educational and cultural life of the Iranian-Armenian community and they had heard from the press about the difficulties that are being raised in connection with our educational institutions.

We witnessed the same anxiety when we visited other Armenian communities the first of which was that of Britain. In London, we had the opportunity to sermon during Holy Mass and to be present at a requiem mass. Later, we had a meeting with Iranian-Armenians and representatives of the local community. During our journey and particularly in Los Angeles, we were more closely acquainted with the Iranian-Armenians and their cultural activities.

I can state that everywhere the same interest and anxiety was expressed with respect to the Iranian-Armenian community. Everywhere we went we stressed in our statements that no unfavorable conditions exist for the Armenian community in the Islamic Republic of Iran, that our people have tied their destiny to that of the Iranian people, that church and religious ceremonies are held freely in Iran, that cultural ceremonies are crowding each other out and that we are even emphasizing that it is time to raise the level of our cultural activities, to strengthen their Armenian character and to make the people more strongly aware of our cultural values.

We do have problems in the educational field, but, even there, we are optimistic that an agreeable solution will be found in the future and that our schools will preserve their identity.

As for social issues, these issues are fully linked with local customs and regulations imposed by the authorities in power; on social issues in particular, the Islamic laws must be observed.

In Los Angeles, we acquainted ourselves with Iranian-Armenians and their concerns. I can say that they are all interested in the life of the Iranian-Armenian community. They still think of Iran. We invited all of them to return to Iran if their circumstances permit and to restart their lives here. We observed that many of them want to return to Iran. It is almost as if they are there only physically; their souls and minds are in Iran, and this is a natural

psychological reaction. They have a spiritual, cultural and educational heritage that goes back many centuries and their predecessors have been a part of this country. Furthermore, it is the Middle East that can accentuate the character of the Armenian nation. In a huge country like the United States, the man and the issue of national survival can run into tough problems, while in the Middle East, our national existence is made all the more strikingly imperative as a result of all the problems we have here.

Here and in other countries in the Middle East, we are communities, and communities are administrative entities. We are communities in the eyes of the governments concerned and we have our rights in the cultural, ecclesiastical and educational fields. We are certain that when the Middle East is pacified, our community life will also enjoy more favorable conditions. For example, the difficulties and the ups and downs that occurred in Lebanon are now on their way to be resolved. There are two Armenian communities that are subjects of concern: those of Lebanon and Iran. It is our wish that Armenians in these two countries in particular will cling more closely to their churches and schools and will give more impetus to cultural activities and the national spirit. Naturally, many are asking: What is the future going to be? Such questions and thoughts are being raised and expressed everywhere, but what is important at the moment is the issue of the protection of community rights. There have been difficulties and complications everywhere in the centuries past, but our people have survived and endured. Today, too, our people will continue to endure with the same vitality and determination wherever it runs into difficulties. Because what is most important and vital is the perpetuation and survival of our nation. Certain elements and bases are essential for survival. Those bases are the church, culture, the educational institutions and our national traditions and customs. We must all give strength to the community in order to become a real community and to be able to pursue our rights.

Question: What new information can you provide in connection with educational problems? What educational problems are there these days grieving the Armenian community?

Answer: As we have said on several occasions before, we have two separate problems and talks under way on the issue of the preservation and the identity of Armenian schools. One of the problems is general and concerns all Armenian schools; its resolution requires the signing of a single agreement for which talks were started. In other words, what is required is an agreement between the Ministry of Education and the National Prelacy so that arrangements in connection with Armenian schools will not be arbitrary but within the framework of law.

The general problem is about how the government, and the Ministry of Education in particular, views our schools and what its posture is with respect to schools belonging to the Armenian minority. There are also particular problems stemming from school principals who raise difficulties for various reasons. It is essential that we explain to these individuals the rights of our schools, particularly those rights which concern the Armenian nation, Armenian culture and the Armenian church.

As we said, we were optimistic that the talks would continue and that we would find a basis for an agreement which would be in line with the laws of the country and with our community rights and which would resolve the schools problem comprehensively. To that end official meetings were held, including a meeting with the Prime Minister the details of which are well-known to the public since it was extensively reported in the press. Meanwhile, the issue that has been causing real grief to our community and student body in particular in recent weeks is that concerning the final examinations in religion for the graduating classes of elementary and middle schools. In this connection, as in previous years, the Higher Educational Board of Tehran of the Ministry of Education sent a directive to the Prelacy asking the Central Educational Board of Armenian National Schools to prepare a list of questions for the final examinations in religion for this year's graduating classes. The questions were prepared in Armenian. Then, in another directive they demanded that the the questions be translated into Persian. It was found appropriate to convey to them the general meaning of the questions. Subsequently, they demanded that the verbatim translation of the questions be sent to them as the final question sheet.

In response, the Higher Educational Board of Tehran was told that the general meaning of the questions has already been conveyed and that the final examinations in religion for the graduating classes of all Armenian schools must be held in Armenian as required by law and as has been the practice in previous years.

We did not receive any reply to this last letter of ours, but when the examination day arrived, the students of the 5th grade of elementary school were given questions in Persian at examination time. The students were confused and sad incidents occurred. There were threats, but the students refused to answer the questions in Persian in view of the fact that they had been instructed in the subject of religion in Armenian. According to our information, the students replied that they could not translate certain idioms into Persian and the questions contained words that even adults would find difficult. In certain examination areas, the students were spuriously told that the holding of the examination in Persian was by the arrangement of the Prelacy. Some students believed this, but most of them did not believe it. But the final result was that the students did not take the examination. This situation has caused great grief to our national representatives, our people, the parents, the parents' associations and in particular the students. Letters were immediately sent to the Ministry of Education, the President of the Republic, the Prime Minister and other important institutions and establishments.\*

[20 Jun 83 pp 5,7]

[Text] The same situation was repeated a few days ago, this time during the final examinations of the 3d grade of middle schools. Everywhere, the students declared that since the questions are in Persian they cannot answer them in Persian and left the examinations rooms after returning the blank question

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\*The translation of text of the letter was published in the 11 June 1983 issue of ALIK on page 1.

sheets to the examination officials. This is an important issue for us, because when we are talking about our rights and in particular the curriculum of Armenian schools it is hard to understand why the subject of religion, which is taught in Armenian, should be tested in Persian. As you know, there is a precedent to this problem. During the last academic year, the Ministry of Education tried to institute Persian textbooks for the subject of religion. All three dioceses responded by declaring that according to the laws of our church the subject of religion can only be taught in Armenian. This is also a natural law for us. It is very natural that a Christian person whose native language is Armenian should refuse to put his native language aside and use another language, which is not even the language used in his home, to learn religion. This has been an important issue for us from the very beginning. Saint Mesrob Mashtots invented the Armenian alphabet so that we would read the Bible in our native language and so that we would hear God's word and spirit in our own language in the church. We have no reason whatsoever to change the language of our religion. We stated all these during our official meetings and we even asked what significance Islam sees in having a minority in the country not use its language to teach its religion. Government officials have declared on several occasions that the minorities have their own schools. The term "schools belonging to minorities" means that these schools are different from other schools in at least one respect, and for the Armenians the most basic distinguishing factor is language. Our schools were built by funds raised by the community and by gifts from charitable persons to provide the Armenian student with an Armenian education and to teach him or her subjects in Armenian--the most essential of which is religion--in addition to subjects required by the government curriculum. We can never accept the teaching of religion to our children in another language. We respect other religions and languages and we expect the same respect for our situation, our national structure, our schools and in particular the teaching of religion in our schools. Although this issue was raised several times last year, the official talks remained inconclusive. We are surprised that our students were presented with a fait accompli despite the fact that this issue still needs to be resolved.

This issue, together with other problems, remains unresolved, and, as we stated, this stance has surprised all of us. However, whatever the final outcome may be, we must express great praise for our students. We commend them for their national awareness; their stance shows that even at that age they care about their church, religion, nation and native language.

One may ask: Given the situation this year, what will our stance be in the future? This is a question that worries us and we have already set to work on it. However, once again, we expect that these problems will be resolved at the official level.

In any event, we have always stated that the teaching of our native language, religion and other subjects taught in Armenian in our schools is our undisputable right and we cannot make any concessions on that right because that would be a deviation from the fundamental purpose of our schools. We want Armenian schools which will have Armenian students, which will have certain administrative authority and which will teach the official curriculum together with subjects with Armenian instruction. We are working in this direction and we hope that we will achieve

the results we want. The Armenian community is doing its duty in every field of work and profession and is helping the country. Its sole expectation is to have its Armenian school through which it can pass its Armenian education onto the new generations.

Question: April and May are months of remembrance and celebration. In Tehran, we had a demonstration march on 24 April and held activities on 28 May [Armenian Independence Day]. What are your thoughts in this connection?

Answer: The April events had a special significance this year because our people had the opportunity to come together during church ceremonies, the protest march and other activities. Our people once again remembered their millions of martyrs and raised their voice of protest, condemnation and demands. Today, I am certain that the significance of 24 April is understood not only by the entire Armenian nation but also by the officials and the peoples of the countries where Armenians live.

The church and national ceremonies held on the occasion of 24 April gave the opportunity to our people to express their unity and to declare that they are continuing on the path opened by the martyrs of April in order to preserve its unity, to uphold its demand for its homeland more strongly and to raise its voice of protest. The protest march held this year gave our Muslim brothers here and the authorities in particular the opportunity to acquaint themselves with and to understand the suffering, the destruction and the massacres to which our people were subjected through the centuries by the Ottoman authorities, whose successors today continue to deny the first genocide of this century committed against our people.

I can state that while the Armenian question is understood better by the official representatives and the people of this country as well as other countries, during the past 10 years the Turkish authorities and the Turkish people have also become better informed about the Armenian question and are following it more closely largely because the Turkish press and radio speak about the Armenian question almost every day. Today, the Armenian question has partly emerged from its shroud of silence, and, as a result of the protests and other acts undertaken everywhere, the demands of our nation are finding their way into the international arena.

We are certain that such acts as protest marches and words of condemnation together with the concurrence of the people of Soviet Armenia and the Armenians of the diaspora on a common cause--namely the unification of our traditional homeland with the territory of the fatherland--will take our cause nearer to its conclusion every passing year and we are sure that one day our rights will be restored to us. It is a fact that Western Armenia, for which demands are frequently heard these days, was a culturally and economically prosperous region in the past and that it is one of the most backward regions in the world today because it has been abandoned by its inhabitants. Even they [the Turks] feel and understand that the indigenous people of that area have been forced to leave and that one day they will return and repossess their lands. Let us continue on our path with the same spirit, the spirit of demanding, and with the firm conviction that the wishes and dreams of our martyrs will be realized in the lifetime of this or future generations.

Question: In replying to our question about the National Congress you talked about the role of the Armenian church in pursuing the Armenian Cause. Could you elaborate on that a little more?

Answer: The Armenian church is not separate from the Armenian nation. The Armenian church is a national church and as a member of the Christian church in interecclesiastical meetings it raises the Armenian question and remembers our martyrs, the genocide and the other violent acts which were perpetrated in the 20th century and which uprooted our people from their homeland. Leaders of other churches are told about these facts on appropriate occasions. This is in line with the fact that such issues are raised during interecclesiastical meetings and the fact that human rights demands are made through the church. Today, the churches have a say in human rights. They even have a say over the new weapons being produced because these weapons are a direct threat against humanity. The church is preaching peace. We, too, are preaching peace, but we are also asking for our rights. Therefore, one of the functions of the Armenian church falls within the framework of world churches. The other function of the Armenian church is an internal mission to strengthen the Armenian character of our people and to reinforce the national spirit on occasions such as national days and cultural events and to remind our nation that it has an unresolved problem and that that problem will reach its resolution and positive conclusion with the strength and unity of the nation.

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CSO: 4605/90

ARMENIAN AFFAIRS

RESPONSE TO LE MONDE FOR TURKISH ENVOY'S ARTICLE

Beirut AZTAG in Armenian 3 Jun 83 p 4

[Text] Dessinne, 10 May 1983

The Editor, LE MONDE, 5 Rue des Italiens, Paris

Dear Sir:

Please find enclosed a copy of our telex message dated 6 May 1983 in connection with the article by the Turkish ambassador to France, Adnan Bulak.

We restate our demand for the right to reply to that article which insults the Armenian Cause and all Armenians dispersed around the world.

Please accept this expression of our special feelings.

[Signed] Committee for the Defense of the Armenian Cause

Response to the article by the Turkish ambassador to France, Adnan Bulak, published in LE MONDE on 2 May 1983:

For sixty years, Turkish authorities have been exerting anti-Armenian pressures from inside their embassies. But today they are forced to come out of their cloak of secrecy and to act publicly thanks to the burning demands of a nation that was considered defeated for good.

The letter which the Turkish ambassador in Bern managed to have published in LE MONDE on 26 March 1983--a letter which insulted France but to which the French government did not respond--and the article by the Turkish ambassador in Paris which was published in LE MONDE's "Exchange of Ideas" column on 2 May 1983 bear testimony to an unprecedented offensive. This is only a beginning. The phenomenon is interesting: it provides insight into the Turkish government's primary propaganda principle, namely to encapsulate the Armenian cause within the framework of a false reasoning in order to evade the real issue which concerns the right of the Armenian people to exist and to recover its traditional homeland.

The Turkish strategy has two explicit goals: to present the Armenian genocide as a mere war of words and an unproven story and to equate the Armenian Cause with international terrorism.

The tone of the propaganda in connection with denying the genocide is already well-known. Firstly, the number of victims is disputed. The figures given are so insignificant that doubts are raised about the reality of the genocide, which is transformed into an ordinary massacre which, furthermore, occurred under war conditions. The few acts of resistance by the genocide victims are shown as rebellion the suppression of which was mandatory. In other words, what happened was inevitable. Meanwhile, however, the victims are transformed into executioners.

All totalitarian regimes and their followers have resorted to this self-justification scheme during and after committing their acts. Turkish leaders have demanded several times that "impartial historians" rewrite the Armenian genocide. But one must not be deceived by these words. What the Turkish authorities want are (Florissons). Turkey wants to show itself as innocent. It is interesting to note that Turkey is employing the same false reasoning in justifying itself as the one used by Klaus Barbie to put together some defense for himself. Meanwhile, in trying to justify the occupation of Armenia and Cyprus, various Turkish governments have employed the same reasoning as the one used by the Soviet Union to justify the oppression of the Afghan people. Real criminals have always denied their guilt. Successive Turkish governments have not been an exception to this rule.

The second trap into which the Turkish ambassador in Paris wants to lead the French public is that he wants to equate the Armenian cause with international terrorism, which wants to destabilize the West with Russian complicity by striking at Turkey.

If it is necessary to state the true reasons behind Turkey's instability in a few words, it must be said loudly that those reasons are nothing but the inability of the Turkish leaders to govern their country. It is not the Armenians who are responsible for Turkey's inability to pay its debts despite enormous amounts spent in vain by the West for 60 years. The Armenians are not to be blamed for the unemployment of millions of Turks who live in poverty despite the exodus of hundreds of thousands of workers to Europe. The Armenians are not responsible for the underdevelopment and backwardness of Turkey's Kurdish-inhabited regions, nor should they be blamed for the repression--formerly reserved for Armenians--of the Kurdish people. It is the policies of the Turkish leaders which are leading to the division and weakening of that country, which has never been an effective shield for the defense of Europe.

What Mr Adnan Baluk calls "Armenian terrorism" is not responsible for Turkey's continuing political and economic chaos. It is equally absurd to charge that the acts of terror committed against Turkish representatives in well-established countries such as the United States, Canada, Australia or Holland are part of a conspiracy to destabilize those countries. Turkish officials must at least be open-minded in what they are saying. Within a period of 6 months, two Turkish envoys fell victim to the bullets of Armenian young men in Eastern European countries. Mr Bulak "forgets" to mention these incidents in his reasoning. Because, otherwise, charges of Soviet complicity or incitement would be imaginary. The events show that the battleground for the armed struggle is both in the East and the West without regard to ideology; in other words, this

battleground extends across the entire Armenian diaspora. The truth is that there exists an Armenian Cause which Turkey wants to silence and that this cause cannot be imprisoned within the bounds of the armed struggle to which it has been chained by the Armenian youth since 1975.

The truth is that those who stood by the side of the Armenians of France were popular individuals with ties to the national resistance movement. It is with them that the Committee for the Defense of the Armenian Cause and the Armenians of the Rhone-Alpes region tried to deliver a memorandum to the Turkish consulate in Lyons on 24 April 1980--long before terrorist acts against Turkish envoys had escalated--inviting Turkey and the Armenians to a dialog. But the doors of the consulate remained shut on orders from the Turkish embassy. Despite that, the Committee for the Defense of the Armenian Cause and its French friends sign such a proposal every year. Such proposals are sent concurrently from Paris, Lyons and Marseilles to express the wishes of the majority of the Armenian community of France. Mr Adnan Bulak has already received the invitation for 1983. He will probably not respond this year as well. He who purports to defend the values of our civilization forgets the most important one which is based on the dialog peculiar to civilized democracies. One wonders if that is a coincidence.

The Committee for the Defense of the Armenian Cause seeks indirect means to establish the dialog it cannot achieve directly. To that end, the committee demands a political commitment from the French government and a series of diplomatic steps which will force Turkish authorities to be more realistic. The Armenian community of France expects this commitment from the French government and the French people. The Armenian community of France can also state that such a commitment is late or too timid for a country which is so vociferous about its political independence. But then, where does one find terrorism in all these demands?

The committee's political initiatives do not end here. The committee proposes an agenda which says: "There is a solution to the Armenian question." This can be the starting point of future debates. The goal of this plan is to reduce existing tensions in this part of the world with an eye to the existence and interests of all the peoples of the region--Turks, Kurds and Armenians--and within the framework of a truly nonaligned policy toward the two superpowers. This is the price we set on our policy which strives for peace among peoples.

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CSO: 4605/86

INVESTORS' COMPLAINTS REGARDING TAX LAWS REVIEWED

Cairo AL-AHRAM AL-IQTISADI in Arabic No 750, 30 May 83 pp 26, 27

/Article by Midhat Khalifah: "The Issue of Tax Exemptions: Some Investors' Tax Problems"/

/Text/ I am pleased to send you a memorandum on tax problems which was prepared under my aegis and which I had previously presented to the gentleman and doctor, the minister of finance, through the Tax Committee that had originated within the Society of Egyptian Businessmen. Among these problems was the tax exemption stipulated for investment companies. This memorandum was a comment on the article in the 9 May issue of AL-AHRAM AL-IQTISADI regarding tax exemptions for investment companies. The most important points which stir up debate on the problem of tax exemptions for investment companies are:

1. Definition of the commencement of the stipulated tax exemption period for companies established in accordance with Law 43 for 1974:

Article 16 of Law 43 for 1974 stipulates "Without prejudice to any better tax exemptions in another law, profits of projects will be exempted from tax on commercial profits and supplements to them and the profits they distribute will be exempted from tax on revenues from moveable assets and supplements to them, for a period of 5 years as of the first fiscal year following the start of production or the pursuit of the activity, according to the case."

A dispute arose between the Tax Department and the companies on the definition of the commencement of the latter's stipulated exemption period; the Tax Department ventured to set the date of the start of the exemption period at the day following the date of the commencement of the activity or production, in spite of the blatant contradiction that entails to the stipulation of Article 16, which set the date of the start of the exemption period at the first fiscal year following the commencement of activity or production, according to the case.

The Tax Department's interpretation of Article 16 should not have been made in this manner especially if we compare the stipulations of Article 16 of Investment Law 43 for 1974 with the stipulation analogous to that in Law One for 1973 bearing on hotel and tourist installations, that Article Five of Law One for 1973 stipulates that hotel and tourist activities are to be exempted from tax for a period

of 5 years from the date on which the pursuit of their activity starts. Thus the difference between the contents of the text of Article 16 of the Investment Law and the contents of the text of Five of the law on hotel and tourist installations is obvious. Whereas Article 16 of the Investment Law stipulates that the exemption period is to begin at the first fiscal year following the start of the activity or production, we find that Law One for 1973 stipulates that the exemption period is to begin on the date of the start of the pursuit of the activity.

Therefore, in keeping with the provisions of Article 16 of the Investment Law; realizing that the company is committed to its entire fiscal year as specified in its charter and that it cannot resort to changing its fiscal year to calculate its stipulated exemption period; and to achieve equality in tax treatment among all companies:

We consider that determination of the period when the tax exemption for investment companies starts should be set at the commencement of the first fiscal year following the start of the activity, and not the day following the start of it, for a period of 5 years.

## 2. Expense or entertainment allowances:

Law 46 for 1978 and Law 157 for 1981 set no restrictions or maximums on the grant of expense or entertainment allowances for people working in companies. Indeed, Law 157 for 1981 prescribes such an allowance for the board chairmen and delegated board members of companies, remedying the stipulation which ought to have been made when Law 46 for 1978 was issued, on the attainment of tax equity, since it became apparent, regarding this law, that when it decreed that this allowance should be exempted in the case of people working in the company, it had not decreed one for the top management authorities in the company who managed it, the chairmen and delegated members of the board.

Since such allowances are not granted people working in the company to excess but rather are given in accordance with a specific policy set out by company management;

And since the provisions concur that the Tax Department is not to intervene in the bylaws the companies set out to deal with their employees:

Therefore the Tax Department has no justification for setting up obstacles when this subheading is investigated by considering it appropriate to approve of the grant these allowances to one group of employees to the exclusion of another, or to discuss the value of the allowance granted and the exercise of modifications to it.

Indeed, people engaged in liberal activities and professional offices demand to be treated accordingly, in terms of the stipulation that they enjoy corresponding tax exemptions in exchange for the expense or entertainment costs they incur, which should be deducted from their taxable professional profits.

The expense or entertainment allowances they decide to give employees in their offices should be dealt with in the manner stated in Law 157 for 1981, as long as

such allowances are stipulated for them in accordance with a policy specified under the aegis of the management of the office.

### 3. The housing allowances for foreigners:

In spite of the stipulations in Law 46 for 1978 and Law 157 for 1981 requiring that the housing benefits granted to foreigners (in cash or kind) be exempted from the tax on earnings from work, the Tax Department still raises problems on this issue and has been investigating the definition of foreign experts since the issuance of the law on the attainment of tax equity in 1978. Consequently, it has created problems for the companies, and these have piled up unresolved year after year.

In our opinion, all foreigners obtaining permission to work in Egypt and considered foreign experts should receive the tax exemption specified for housing benefits, although it is possible to set a maximum limit to the value of the housing allowance which is exempted from tax.

### 4. The taxpayer's right to calculate interest on the sums reclaimed from the Tax Department:

Since Article 53 of Law 157 for 1981 states that the taxpayer has the right to get back the amount he has paid in excess of the taxes due, plus the interest rate declared by the Central Bank:

The existence of this article has had a bad effect on tax inspections, since the tax offices have resorted to inaccurate examinations of declarations by taxpayers in order to avoid paying this interest, by:

1. Destroying records in toto and failing to accept the data stated in tax declarations.

2. Unrightfully removing many subheadings on expenses without essential cause, leading to the problems that arise from this removal; indeed, they remove basic subheadings. Examples of this are:

- A. Bonuses paid to workers so that they may pay all specific taxes (gain from work, general income).

- B. Amounts paid to the Social Insurance Authority.

- C. Expense allowances granted to employees in accordance with a specific system.

Since what concerns the taxpayer is that his book and declarations be respected and that the examination proceed in accordance with a sound system so that his tax status may be settled (which is more the object of his concern than the desire to obtain interest on the sums regained from the Tax Department), it would be sounder to abrogate this article entirely if specific rules are not set out for tax officials regarding the inspection of the taxpayers' declarations, so that tax officials will have no excuse not to observe accuracy in examining the declarations.

## 5. Adjustment of accounts:

Many taxpayers, in presenting their tax declarations, state that the amount they are liable for, on the basis of declarations covering a specific tax, exceeds the deductions from their income at the source for that year. In spite of that, when they present another declaration for a specific tax related to them, or a general income tax declaration, they see that they do not have the right to settle the difference between the excess specific tax they have paid and the amount they are liable for in the form of general revenue tax, for instance.

This is absolutely illogical, since, while the taxpayer has a credit account with the Tax Department which he cannot recover until the final assessment, we find that at the same time he has to pay another tax for which he is liable from his declaration for the same tax year.

Therefore equity demands that the taxpayers be permitted to make an adjustment between the excess that is deducted from them at the source and the other taxes they are liable for from the declaration for the same year.

## Six Rates of Deduction at the Source

The society considers that a review should be made of the rates of deduction at the source upon computation of the tax, since the committee has noted that the rates of deduction for commercial activities are much lower than the rates of net profit that it is supposed will be realized, while the rates of deduction for professional fees are much in excess of the net profits that it is expected will be realized. While the rate of deduction for contracting activity comes to 1 percent (which means that the net profit that it is supposed will be realized from the activity would come to approximately 3 percent), the rate of deductions for professional fees, which is 15 percent, means that the profit that will be realized is approximately 50 percent, which is something that generally does not take place.

Therefore, the society considers that there should be a balance between what the taxpayer pays into the tax account during the year and the taxes that he might be liable for at the end of the year, by reviewing the rates of deduction at the specified source by the law or the ministerial decrees issued in this regard.

## Seven Applications of Law 86 for 1974

This law stipulates that Egyptian capital invested in the projects established in the context of the government's general development plan and the projects which the Council of Ministers agrees should be established are to be exempted. Many businessmen have made attempts to benefit from this law, but there has been a difficulty in obtaining the exemption granted for this sort of project, for the reason that one must apply to obtain the exemption before starting to carry the project out.

Therefore the society hopes that all obstacles in the way of the Egyptian investor's acquisition of the exemptions referred to in the law be alleviated, so that the purpose for which this law was issued will be realized.

## Other General Matters

Through constant contact with people working in the Tax Department, we observe a number of issues to which we must address ourselves:

1. Many tax officials who are inspectors have not had adequate expertise or training before carrying out investigations into declarations by taxpayers; as a consequence of this, we would like the training courses to be intensified in their case.
2. Many examination reports do not receive adequate attention from auditors, heads of branches and investigation managers. Rather, they are approved routinely, without close examination, especially in cases when books are destroyed or many sub-headings on expenses are removed. This lays many burdens on taxpayers, the internal committees of tax offices, or contestation committees.
3. The tax official must respect the taxpayer's declaration and rid himself of the complex that he will be held to account if this declaration is approved. On him alone lies the burden of proving the invalidity of this declaration, on the basis of proper investigations and real documents, on which he will rely for destroying or amending the declaration, and he should not rely on stylistic expressions which are not based on material proof.
4. Highly trained personnel must be selected to work in tax offices which have special titles, such as the offices of companies, investment, or liberal professions. These sorts of office require an excellent type of worker who has thorough theoretical and practical understanding of tax laws, so that the breadth of the dispute between the Tax Department and the companies may be narrowed.

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CSO: 4504/410

## VARIOUS TAX LOOPHOLES CRITICIZED

Cairo AL-AHRAM AL-IQTISADI in Arabic No 750, 30 May 83 pp 21-26

/Article by Dr Muhammad Rida Sulayman: "The Issue of Tax Exemptions: The excessive Use of Tax Exemptions"/

/Text/ Introduction

The issue of tax exemptions has occupied an important place in economic and financial discussions. In this section, two differing views on them will be published.

The first is by Dr Muhammad Rida Sulayman, assistant counsellor in the Council of State. In this study, he calls for a review of the policy of tax exemptions and an effort to guide them in a manner serving economic and social development; it was discussed at the recent eighth conference of Egyptian economists. The second is by Midhat Khalifah and expresses the view of investors. It was received as a comment on the article on tax exemptions for investment companies published in the 9 May issue.

Tax policy plays a role in the treatment of many economic problems, since it is an instrument for government intervention in economic policy, especially as regards increasing the government's revenues through taxes and compelling the people who are able to bear a tax burden that is in keeping with the real magnitude of their income, while alleviating the burden as far as is possible on people with fixed and limited incomes, in order to realize the principle of tax equity among citizens and realize a balance among economic, fiscal and social goals.

However, we can observe, in the case of tax policy, that recourse has been made to the method of excessive grants of tax exemptions, at a time when the national economy has been suffering from a structural disruption and our tax system has suffered from a severe problem of tax evasion, especially on the part of large taxpayers, since the total contribution made by private sector taxpayers in 1980 came to 575 million pounds, accounting for just 5.7 percent of the revenues of the general government budget, which come to close to 10 billion pounds this year. This meager percentage, in reality, does not represent the magnitude, the activities, and the work of the taxpayers; there is a deficit of 1.5 billion pounds in the general budget for 1982-83, and an inability to collect on the part of the administrative agencies, resulting in the failure to collect taxes at their

specified times, a high rate of taxes uncollected due to the government, and a large reliance on indirect taxes with the goal of increasing receipts. Tax receipts in 1980-81 came to 3.91 billion pounds, of which the share of direct taxes was 1.24 billion pounds and that of indirect taxes 2.67 million pounds.

Therefore, the imbalance between direct and indirect taxes in our tax system leads to a disruption in social equilibrium, since persons with small, limited and average incomes bear more of a tax burden than people with the high and parasitic incomes which have appeared recently in our social structure.

What would one say if one were to learn that the production levies imposed on goods consumed by most citizens constitute the bulk of total tax receipts, indeed, that the production tax on a single commodity, sugar, earns more than 40 percent of the receipts from total levies on the average? It is also clear that the differences in prices, which are considered in effect a tax on spending, use essential commodities as a basic vessel, while finished consumer goods such as cars and air conditioners contribute no more than 4 percent of these receipts.

In view of the gravity of the excessive use of the policy of tax exemptions in our economic and social life:

I will deal with this policy through two laws which have extremely important effects on economic and social life. These are:

1. Law 157 for 1981 issuing the law on income taxes.
2. Law 43 for 1974, amended by Law 32 for 1977, regarding the investment of Arab and foreign money and the free zones.

One: The Exemptions contained in Law 157 for 1981 Issuing the Income Tax Law

In the report of the joint committee of the People's Assembly Plan and Budget Committee on the draft law on income tax, this draft was to achieve major goals. The first of these was the social goal, embodied in making matters easier for taxpayers, especially those with limited incomes, attaining greater tax justice, and subjecting all incomes to tax.

The second of these objectives was the economic one, embodied in the elimination of tax evasion, the encouragement of savings and investment, and the effort to increase production. In order to achieve this goal, the draft, in its articles, sought to do away with tax evasion.

Here we will deal with some stipulations contained in this Law 157 for 1981 regarding the tax exemptions it contains, and whether it has achieved social and economic objectives which would not have been realized did it not exist. We will ascertain the trends in discussions in the People's and Consultative Assemblies with regard to them, and we will review the recommendation which was given by the Consultative Assembly joint committee of the Financial and Economic Affairs Committee regarding the policy of tax exemptions, as follows:

Article Four of the tax on incomes from movable capital stipulates "The following will be exempted from taxes: 5. Interest on bonds issued by Egyptian corporations belonging to the public or private sector, if that does not exceed the interest which the Egyptian Central Bank sets on deposits in banks for periods equal to the life of the bonds, on condition that these bonds be offered for public subscription and that the shares of the company issuing these bonds be registered in the securities market.

"7. The interest on savings deposits and accounts in postal savings funds and banks subject to supervision by the Egyptian Central Bank."

When this article was discussed in the Consultative Assembly, two approaches emerged. The first was to oppose the policy of tax exemptions on grounds that it did not serve the process of economic development in the country. The second supported this policy, on grounds that it encouraged domestic savings and investments. The assembly approved it without introducing amendments to it.

Regarding the tax exemption noted in Paragraphs Five and Seven of this article, we can observe that it assumes absolute form, in terms of the limits a person can obtain, whatever might be the value of the money he invests in the purchase of bonds or deposits in banks subject to supervision by the Central Bank or savings funds, as noted in these two paragraphs.

There are also no time restrictions on this exemption, in terms of a specific number of years, as there are, for instance, in the case of tax exemptions in livestock and poultry processing and raising, which involve a specific number of years.

Tax exemptions, in the case of interest on bonds issued by public or private sector corporations, must also be connected to activity in economic areas which serve economic development plans in the country.

Application of the tax exemption in the manner noted above disrupts the economic and financial balance, as far as economic development and the government's tax receipts go, the exemption of revenues from specific taxes prevents them from being included in the general income tax vessel in accordance with the provision of Article 95 of this tax, and this has an effect on tax receipts.

In addition, absolute tax exemptions might, after a period of time, lead to the absence of a vessel on which any taxes can be imposed at all. Therefore, the tax legislators in Egypt must adopt an intermediate solution between absolute exemptions and absolute liability, by making a compromise between the two where, for instance, the rate will be lowered, the period relative to the tax exemption will be determined, or the tax exemption will be linked to a specific form of economic activity which will serve economic development in the country, since tax exemptions in themselves do not alone encourage savings, and there are other things besides taxes.

Article 64 of the tax on salaries stipulates "Free travel permits and tickets, or ones at a reduced rate, and invoices for the free shipment of furniture given

given by the General Railway Affairs Authority to its employees and their families for activities other than of a personal nature will be exempted from taxes.

"In addition, free travel tickets, or ones at a reduced rate, which Egyptian or foreign airlines and shipping firms operating in Egypt give to people working in these companies and their families, will be exempt."

When this article was discussed in the People's Assembly, the members gave agreement to it without amendments, and agreement was also given to it in the Consultative Assembly.

Here the tax legislators, in the first paragraph of this stipulation, did not content themselves with giving exemptions on free or discounted travel permits and tickets and invoices on the free transport of furniture which the General Railway Affairs Authority gives to its employees and their families for activities of an other than personal nature--they added exemptions to them from taxes to which the government was entitled.

In addition, in the second paragraph of the abovementioned stipulation, they have also exempted the taxes due on free or discounted travel tickets which Egyptian or foreign airlines or shipping companies operating in Egypt give to people working in these companies and their families.

We do not know the financial wisdom behind this tax exemption, especially since the tickets noted in the stipulation are themselves granted free or at reductions to employees and their families for activities of an other than personal nature.

In its fourth paragraph on taxes on non-commercial occupation profits, Article 82 stipulates "People engaged in liberal professions who are registered as active members of professional unions in their field of specialization will be exempted from taxes for a period of 3 years from the date they begin engaging in the liberal profession, and they will be bound to the tax only starting the first month following the termination of the abovementioned exemption period, in addition to the training period which the law on the pursuit of professions, and the paragraphs on public service, conscription or callup to reserves requires, if that follows the date on which pursuit of the profession commences. The stipulated exemption period will be reduced to a single year in the case of people engaging in the profession for the first time, if more than 15 years have elapsed since their graduation. For the exemption to be in effect, it is conditional that the profession be pursued on an individual basis, and that there be no participation by others, as long as that is not entitled to an exemption.

In the discussion of this article in the People's Assembly, there was near unanimity on the part of the members on this exemption. Indeed, some people demanded that the period of exemption from the tax be increased from 3 to 5 years on the argument that "there is a fierce wave of exemptions in very many areas" in the income tax law and that consequently such people should not be deprived of tax exemptions either, as are others. (8) /sic/ It was as if the law presented for discussion was a law on tax exemptions, not a law aimed at imposing taxes on incomes, since the exemptions, the tax exemptions, are transformed into a principle of sacrificing the government's tax receipts.

Agreement was reached over this stipulation when it was discussed in the Consultative Assembly. (9) We consider that the period of tax exemption, which is 3 years, was a relatively large one on top of the training period and the other periods included in the stipulation, especially after the application of the economic liberalization policy in 1974, when the prices of professional services, such as the fees of lawyers, doctors and engineers, rose noticeably, at a time when government employees or new workers starting their government career are subject to tax, and have not been given a period of time in which to be exempted from these taxes. In addition, there is a discrepancy in incomes between the two categories.

In addition, tax receipts from non-commercial professions in general are ludicrous when compared with the real incomes of the people in them, because of the great amount of evasion in them. Tax receipts in the form of this tax came to 3.14 million pounds in 1976, to 4.37 million pounds in 1977, to 5.75 million pounds in 1978, to 8.8 million pounds in 1979, and to 11.3 million pounds in 1980. (10). Indeed, these receipts would not have amounted to these ludicrous sums had the system of deducting specific amounts from the source not been applied in the case of some professional groups under tax accounting (the system of deductions and additions).

Article 120, in Paragraph Eight, concerning the financial company profits tax, requires that exemptions from taxes be granted to "profits of industrial companies which are established after this law goes into effect which employ 50 or more workers.

"The exemption will be in effect for a period of 5 years, starting with the first year following the startup of production."

In the discussion of this article in the Consultative Assembly, agreement was also given to it without amendment. We might observe here that the exemption period of 5 years for profits of industrial companies that are established after the income tax law goes into effect, in the manner stated in the provisions, /sentence ends/.

The tax legislators, in this instance ought to have linked the abovementioned tax exemption to productive activity which was of benefit to the government or met the demands of economic development in the country, and not to companies which were established and just entailed the employment of 50 workers or produced consumer goods which were not necessary for the country, but were given the above-mentioned tax exemption.

In addition to the large number of tax exemptions listed in the Income Tax Law 157 for 1981, of which we have cited several examples, the law also allows many financial deductions from profits and revenues before the imposition of taxes, such as the contents of Article 77, which bears on taxes on profits of non-commercial occupations, Articles 98 and 99, which concern general income taxes, and other articles included in the law which permit that.

From the above, we can conclude that excessive recourse to the method of tax exemptions is not the optimum means for encouraging savings and investment in the country, but rather that tax legislators must resort to it warily, for requirements which serve economic development in the country, and to attain balance among

economic, financial and social goals (a balance which all sound tax policies must try to achieve, as far as possible), in the words of the report by the joint committee of the Financial and Economic Affairs Committee and the two offices of the Committee on Constitutional and Legislative Affairs on the draft law issuing the income tax law, which referred to opposition by some committee members to the policy of numerous tax exemptions contained in the abovementioned Law 157 for 1981.

Two: The Tax Exemptions Contained in Law 43 for 1974, Amended by Law 32 for 1977, Regarding the Investment of Arab and Foreign Capital and the Free Zones

Egypt adopted the policy of economic liberalization after its victory in the October 1973 war. In keeping with this economic policy, it issued Law 43 for 1974, which was amended by Law 32 for 1977, with the goal of attracting surplus Arab and foreign capital to participate in the development and advancement of the national economy.

Therefore, the law gave tax benefits and exemptions to encourage Arab and foreign capital to invest in Egypt. These exemptions include the following:

1. Exemptions for investment projects inside the country. These are covered by Articles 16, 17, 18 and 20 of Law 43 for 1973, amended by Law 32 for 1977.

A. Article 16 of Law 32 for 1977:

This article stipulates "Without prejudice to any better tax exemptions in another law, profits of projects will be exempted from tax on commercial and industrial profits and supplements to them and the profits they distribute will be exempted from tax on revenues from moveable assets and supplements to them, according to the case, and general tax on revenues with respect to vessels that are exempted from specific taxes in accordance with this stipulation, all for a period of 5 years as of the first fiscal year following the startup of production or the pursuit of the activity, according to the case. This exemption will be in effect for the same period with regard to the revenues of profits which are reinvested in the project and the special reserves paid out by the distribution account, after the extraction of net profits allocated to support the company's position and deferred profits realized during the exemption period which are distributed after it has elapsed. Stocks will be exempted from the annual percentage stamp tax for a period of 5 years as of the date specified by law for the payment of the tax for the first time.

"For the deduction from the general tax on revenues to apply, it is mandatory that the revenues subject to this exemption not in fact be subject to a corresponding tax by the foreign investor's country or the country to which these revenues are remitted, according to the case.

"The exemption period is 8 years, if dictated by considerations of the public interest, in accordance with the nature of the project, its geographic location, the degree of its importance to economic development, the volume of its capital, and the extent of its contribution to the exploitation of natural resources and

increases in exports, on the basis of a recommendation of the board of directors of the authority, which must be approved by the Council of Ministers.

"In the case of reconstruction projects and projects to construct new towns, when these projects are outside agricultural land and the confines of towns and land reclamation /areas/, exemptions will be made for a period of 10 years which may be extended to 15 years by decree of the board, in accordance with a recommendation by the board of directors of the authority.

"It is also permissible, by decree of the president, in accordance with a recommendation by the board of directors of the authority, to exempt all elements of imported capital assets, materials and building components needed to build projects that are acceptable in the context of the provisions of this law from all or some taxes, customs levies and other taxes and levies, to defer their payment, or to schedule them in instalments, on the condition that the materials subject to the exemption, deferment or instalment payments not be disposed of for a period of 5 years from the date of their receipt, the period of the instalment payment or the deferral, according to the case. Otherwise, the taxes and duties from which they were previously exempted, or which were deferred or paid in instalments, must be collected."

Regarding this stipulation, it is to be noted that it was as follows in Law 43 for 1974, before that was amended by Law 32 for 1977: "For the exemption to apply, it is mandatory that the profits of these projects not as a consequence be actually subject to taxes in the foreign investor's country or in another country." The legislators then amended this article in the abovementioned Law 32 for 1977 to the following: "For the exemption from the general tax on revenues to be in effect, it is mandatory that the revenues subject to this exemption not in fact be subject to a corresponding tax from the foreign investor's country or the country to which these revenues are remitted, in accordance with the case."

The condition contained in the abovementioned Article 16, before it was amended, in the case of exemptions for profits on projects from taxes on commercial and industrial profits and supplements to them, or, after it was amended, in the case of exemptions from general taxes on revenues, raises difficulties from the standpoint of its application in practice, since, in order to obtain this exemption, the Arab or foreign investor must present the Tax Department with material showing that his revenues, which are subject to this exemption, are not subject to a tax similar to that from which they are exempted in Egypt in his country of origin or any other country to which he remits his profits. That would essentially be in contradiction with the government's policy of granting easy terms for Arab and foreign capital in Egypt.

Even if the Tax Department actually wanted to apply this condition, it would have to know the tax treatment in the laws of the country whose nationality was held by the Arab or foreign investor, and thus the problems the tax system in Egypt is suffering from would increase. Therefore, this condition has no importance and lacks the ease of application that would justify retaining it in Egypt. We consider that it should be abrogated, to make matters easier for the Arab and foreign investor.

Article 17 of the abovementioned investment law stipulates "Without prejudice to the provisions of Article 16, the revenues and profits which all projects distribute will be exempted from general tax to a maximum of 5 percent of the original value of the taxpayer's share of the project capital, after the exemption period stipulated in Article 16 has elapsed."

The provisions of this article will apply after the period of tax exemption stipulated for the project has elapsed, whether that is 5, 8, 10 or 15 years, according to the case. It requires that the distribution of profits be exempted from general tax on revenues to a maximum of 5 percent of the original value of the taxpayer's share of the capital.

Also applying to this exemption, in the event revenues are remitted abroad, is the condition, contained in the abovementioned Article 16, that the exempted revenues not be subject, as a consequence of the exemption, to a similar tax in the country of the foreign investor, since the article states "Without prejudice to the provisions of Article 16."

In studying the transcripts of People's Assembly sessions, we can find that the legislators warned of this point specifically, since the vice chairman of the People's Assembly, who presented the recommendation that this article be amended, pointed out "I would like to insert my recommendation in the minutes of the assembly so that it will be a point of reference if any dispute occurs. Since the stipulation at the core of this article is 'without prejudice to the provisions of Article 16,' that means that exemptions from the general tax on revenues are contingent on the fact that no liability to tax exists in the country to which the revenues are being remitted or the country of the foreign investor as a result of it, and this restriction must be in effect in all cases, as regards Article 16 or 17, because we do not want to enrich foreign treasuries at the expense of the Egyptian treasury."

We have already pointed out that this condition is purely a formality, and raises obstructions from the standpoint of application. Any investor can present, if only in fictitious form, a claim that he is not subject to tax in his country; consequently the logic behind the condition, which is to avoid enriching foreign treasuries at the expense of the Egyptian treasury, cannot be met.

Article 18 of the abovementioned investment law stipulates "Interest due on loans which the project contracts for in foreign currency will be exempt from all taxes and levies, even if they assume the form of deposits, and this exemption will apply to the interest on loans by which the Egyptian party finances its share of the project."

This article calls for the following exemptions:

1. The exemption of interest on loans which the project contracts for in foreign currency, whether domestic or foreign, and the exemption of the interest on loans by which the Egyptian party finances its share of the project.

2. This exemption will apply to the loans which Egyptians, be they individuals or companies, make in foreign currency to Arab and foreign investment companies.

Article 20 of this law also stipulates "Foreign experts and workers coming from abroad to work on a project benefiting from the provisions of this law will be permitted to remit abroad a share of the wages, salaries and compensations they receive in the Arab Republic of Egypt, provided that that not exceed 50 percent of the total they receive. The sums subject to the tax on gains from work, in the form of wages, salaries, compensations and the like which projects established in accordance with this law pay to foreigners working in them will be exempted from the general tax on revenues."

This article contains the following exemptions:

A. The exemption of foreign workers in investment companies from the general tax on revenues, in the case of the wages and salaries they receive from investment companies.

B. There is no specified term for this exemption; during the period of work in Egypt (2), the tax exemptions related to investment projects established by the free zones statute, in the context of the provisions of Law 32 for 1977, will be in effect:

A. Article 46 of Law 32 for 1977 requires that "Without prejudice to the stipulations made in this law, projects established by the statute on free zones, and the profits they distribute, will be exempted from the provisions of the laws on taxes and levies in the Arab Republic of Egypt, and the Arab and foreign funds invested in the free zone will be exempted from tax on legacies and title deed levies."

This article contains the following exemptions:

1. The exemption of projects established by the free zones statute from the provisions of the laws on taxes and levies (levies on documentation and notification, stamp taxes and all other levies). If the projects in the free zones deal with other installations which are not exempt and documents are kept, the burden of the stamp tax on those documents will lie on the installations and bodies with which they deal, and the projects in the free zone must pay these levies.

2. The exemption of free zone profits distributions from the provisions of laws on taxes and levies in the Arab Republic of Egypt.

3. The exemption of Arab and foreign money invested in the free zones from legacy tax and levies on title deeds, in case of death.

Consequently, it does not include the following exemptions:

1. By virtue of this article, no exemptions will be made for people working in free zone projects, whether they are Egyptian or foreign, from tax on the wages and salaries they receive from the free zone projects.

2. The money the members of the board of directors who are delegated and appointed by name to any corporation established under the statute on free zones will not be exempted in accordance with this article up to 3,000 pounds per member per year; the money the delegated members of the board receive is subjected to the above-mentioned conditions on the tax on salaries and wages.

B. Article 47 of the amending Law 32 for 1977 stipulates: "The sum is subject to tax on earnings from work in the form of wages, salaries, bonuses and the like which projects located in the free zones pay to foreigners working in them will be exempt from the general tax on revenues."

This article stipulates that the foreign workers in the free zones are to be exempted from general tax on revenues in the case of the sums they receive from projects in the free zones to which the tax on wages and salaries applies.

In addition, Article Three of Law 43 for 1974, amended by Law 32 for 1977 as referred to above, specifies the investment fields in Egypt, in order to realize the goals of economic and social development in the context of the government's policy and national plan, on condition that that be in projects which require international experts in modern areas of development or need foreign capital, in the framework of the lists the General Investment Authority prepares and the council of Ministers approves, in the following areas:

1. Industrialization, mining, energy, tourist activity, transportation and so forth.
2. The reclamation and initial planting of fallow and desert land and livestock development and water resource development projects.
3. Housing projects and projects to extend developed areas.
4. Investment companies which have the goal of investing money in the areas stipulated in this law.
5. Investment banks, business banks and reinsurance companies.
6. Banks that perform activities, whatever they might be, in the form of joint projects in local currency, with local capital owned by Egyptians, whose proportion in no case will be less than 51 percent.

Special priority is given to projects which are aimed at exports of the stipulation of tourist activity, or result in a reduction in the need for basic commodity imports, as well as projects which require advanced technical expertise or the use of patents or commercial trademarks enjoying a special name.

However, in practical application this investment law has shown that most capital, whether Egyptian, Arab or foreign, has been directed to investment in economic areas with a rapid return. In the projects which began production in the country by 31 October 1981, the two sectors of investment and banking acquired about 63 percent of the capital in liberalization projects, thereby occupying first and

second place, Industry comes in third place, with a share of just 18 percent of liberalization project capital. The chemical, metal, food and machinery industries alone have received more than two thirds of the capital in industry.

Local currency's share of the capital comes to 42 percent. It exceeds half in the sectors of investment, agriculture, livestock resources, health and hospitals. Of the nationality of the people participating in these projects, for the period mentioned, about two thirds are Egyptians on the average (64 percent), about a fifth (19.3 percent) are Arabs, 2.7 percent are Americans, and 6 percent are of other nationalities. Indeed, the proportion of participants who are Egyptians is above 90 percent in the areas of housing and mining and above 70 percent in the fields of banks, farming, livestock resources and food processing.

Some people have added, rightfully, that the areas in which Arab money is invested are totally divorced from economic projects that have top priority in the process of economic development in Egypt and that the role of Arab money, particularly in the development of oil production, mining or agricultural development projects, still is limited, since oil relies totally on foreign financing, agricultural development and agricultural processing are still in their infancy, and mining projects in Egypt have not yet played their part in economic development.

There is no doubt that the tax exemptions and benefits listed in Investment Law 43 for 1974, amended by the abovementioned Law 32 for 1977, encourage Arab and foreign capital to come to Egypt to some degree. However, these tax exemptions and benefits are not the basic, influential factor in attracting Arab and foreign capital. Rather, there are other objective circumstances that have a large effect in encouraging such capital to invest in Egypt. Among these are: the presence of confidence and security; the guarantee that these funds will not be put under sequestration or be confiscated or nationalized; the existence of good opportunities for investment with a large payout; the investor's ease in obtaining economic information and statistical data on economic projects; the need to prepare studies on the economic feasibility of these projects; improved telecommunications services for these investors; the right to build; the grant of opportunities to obtain proper places in which to establish projects and suitable housing; a lack of legal obstacles in the way of the investor's freedom to remit his profits within the limits permitted by law; the elimination of red tape in the investors' dealings with government bodies; the abbreviation of lengthy administrative procedures for agreement to investment projects, especially from the technical bodies which study these projects, such as the Ministry of Industry which sometimes takes months, resulting in disruption in the economic study of the project, in light of the change in prices on which it was founded; and the commitment to the execution of Article 19 of the bill on the investment law issued by Decree 375 for 1977 of the minister of economy and economic cooperation, which stipulates that if a month has elapsed since the project was sent to the technical body, its failure to respond within this period will be considered acceptance of the project on its part.

All these matters of course encourage the movement of surplus Arab and foreign capital, since the tax exemptions and benefits granted to investors do not function by themselves in a vacuum but are connected to and affected by these objective circumstances. (19)

Since the government's economic policy, in the recent period, has been oriented to attainment of a policy of productive liberalization, which will contribute to the realization of economic and social development in the country, we must, with respect to the acquisition of tax exemptions and benefits, distinguish between productive projects, projects which produce capital goods and intermediate goods, and service projects which perform a real service to the domestic economy, and non-productive projects whose goal is a rapid payout, which do not serve the economic and social development plans in the country. Productive projects are given facilities, benefits and tax exemptions to encourage them to invest in Egypt.

With respect to non-productive projects, we recommend that the policy of tax exemptions granted to them be reviewed, in the light of the extent to which they contribute to the attainment of economic development in the country. These sorts of projects can function in accordance with the provisions of Law 159 for 1981 on Companies and Law 157 for 1981 on Income Taxes. In addition, the General Investment Authority must seek to draw up lists of projects which reflect the needs of economic and social development plans in the economic areas listed in the above-mentioned Article Three and in the context of the general policy of the government.

This is especially so since one study has estimated that the tax receipts the government has foregone, by virtue of tax benefits and exemptions, total about 600 million pounds for the period 1971 to 1978, while the volume of investments subject to the amended investment Law 43 for 1974 which were actually made in those years in the country or in the free zones which benefited from the exemption did not exceed 393 million pounds.

Deception is also practiced regarding the actual exemption periods listed in this investment law, when projects are liquidated after they have used up the stipulated exemption period and a new start is made on other projects in order to benefit from new periods; there are no rules or legal guarantees to prevent that.

In order that this deception against the law be remedied, we recommend that if this deception is proved to the Tax Department the investment project be held to account, in terms of tax, for the years of exemption it has enjoyed, because this exemption is granted basically for the continued pursuit of activity aimed at participating in developing and furthering the vital economic sectors in the country.

On this occasion, we should not miss the opportunity to state that it will also be necessary to review tax exemption policy in the case of customs duties, since these have had negative repercussions on the attainment of the goals and considerations the government's economic policies have been aimed at achieving. The rate of customs exemptions granted in 1982 alone came to 35 percent of total customs receipts, which means that more than one third of the amount the customs tax plan had targeted to achieve was lost to the public treasury and that only the people benefiting from the exemption by reselling these commodities on the black market benefited from it. The amount collected, in the 1982 budget came to 1.96 million pounds, instead of the customs duties targeted for collection, or 2,646,000,000 pounds, and approximately 686 million pounds were lost to the public treasury. Had this amount all or part of it been collected, that would have reduced the

deficit in the general budget of the government for 1982-83, which totalled 1.5 billion pounds. We should not forget, either, that the recent developments the world oil market has been sing, and the gradual drop in oil prices, threaten a drop in revenues from oil exports, which represent 70 percent of the total receipts of Egypt's commodity exports.

Therefore it is necessary to review tax exemption policy in the light of the foregoing and to seek to guide it in a manner serving economic and social development in Egypt, by considering it a tool of government intervention in economic and social life.

/No footnotes carried in text/

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## SIZE, ACHIEVEMENTS OF MERCHANT FLEET EXTOLLED

Tripoli AL-MUNTALJUN in Arabic 21 May 83 p 3

/Article: "The Jamahiriya's Progress in Marine Transportation Has Broken the Foreign Monopolies and Guaranteed That Our Requirements Will Be Shipped by Our Fleets"/

/Text/ The progress in marine transportation in the jamahiriya has started to assume a prominent, important role and to make a positive, effective contribution to economic, developmental and social construction. The flag of the jamahiriya, pioneer of the era of the mass state, has started to fly over a number of commercial, passenger, cargo and transport ships in order to break the foreign monopoly and pressure in the shipping area, guarantee a minimum of marine transport capacity, and make it possible to ship our imports to cover our local markets with urgent requirements at times of confrontation and challenge imposed by imperialism.

Perhaps the time has now come to hold discussions in the field of marine transport, especially in such circumstances as these which we are going through now. This was stated to us by our brother the acting secretary of the people's committee in the General National Marine Transport Agency, and one of our brother members of the people's committee in the Agency.

Our brother the acting secretary of the people's committee and the legal advisor in the committee started talking, at the outset, about the date of the formation and establishment of the marine transport agency, stating that the marine transport process started in 1970, after the effulgence of the great revolution of the first /of September/, which eliminated the disgrace of backwardness and oppression of the toiling masses. Law 33 for 1975 was issued by the Revolutionary Command Council of the time, establishing the National Marine Transport Company, abrogating Law 86 for 1970 which had established the General Marine Transport Organization. Subsequently the World Shipping Agency in Tripoli and Benghazi was handed over to the government through Law 38 for 1972.

## Goals and Purposes

As regards the general goals and purposes of this agency, it is well known that shipping performs lofty services which are of great importance to the international community and links up all developed areas because of the ease of moving persons, manufactured goods, crops and all products among the countries of the

world, as a result of low transport costs in comparison with other means of transportation.

The importance and goals of marine transport are also apparent through a number of features, among them:

#### Strategic goals:

The breaking of foreign monopoly and pressure by guaranteeing a minimum of shipping capacity and making it possible to ship our imports to cover our people's markets with urgent requirements at times of imperialist confrontation and challenges, support for the jamahiriyah's trade with friendly countries and service of the goals of national security.

#### Economic and service goals:

The effort to break the shipping lines' monopoly in setting freight rates, which realize them fantastic profits, as well as consideration of marine transport revenues one of the most important basic resources of the domestic economy and the service of foreign trade through rapid movement and the guaranteed movement of imports and exports at the right time and the lowest cost.

#### Libyanizing Transportation

##### Social goals:

In the area of the Libyanization plan, marine transport was at the forefront in the Libyanization of a large body of labor, sending many people on study and accreditation fellowships, some of whom returned and assumed the tasks of their work in various fields of specialization. This has had a social and cultural effect on the structure of Libyan Arab society, in addition to the publicity impact of Libyan personnel who are able to become involved in the execution of giant transformation plans, embody the green thinking in theory and practice, correct the image of Arab society and earn the trust of international authorities and organizations.

Another goal of the agency, as well, is to perform all shipping activities of various types, for its own account or the account of others. It may carry out the activities of representing shipping companies on commission, release cargoes, provide belts and life savers, outfit all types of ships, tankers, floating vessels, and marine equipment, and perform other operations related to marine transport. The law, for the sake of realizing these goals, has empowered it to own ships and tankers by construction or purchase and also to sell, charter or lease out all types of ships, tankers, floating vessels and marine equipment, perform import and export activities, and create training policy, as well as own and administer storehouses, warehouses, and maintenance shops and participate with other authorities, organizations and companies which can engage in activities similar to its own and cooperate with it in attaining its objectives.

## 26 Ships Owned by the Society

The acting secretary of the people's committee stated that the National Marine Shipping Agency now owns 26 ships, for transporting passengers, cargo and oil. These ships are:

Sabratah, 2,100 deadweight tons.  
Darnah, 3,100 deadweight tons.  
Ghat, 3,100 deadweight tons.  
Al-Timsah, 3,300 deadweight tons.  
Ibn Majid, 7,500 deadweight tons.  
Ibn Batutah, 7,500 deadweight tons.  
Sirt, 9,400 deadweight tons.  
Al-Hasha'ish, 9,400 deadweight tons.  
Ibn Jubayr, 7,500 deadweight tons.  
Ibn Hawfal, 9,400 deadweight tons.  
Al-Furud, 5,000 deadweight tons.  
Al-Sarir, 47,000 deadweight tons.  
Marsa al-Hariqah, 47,000 deadweight tons.  
Marsa al-Hariqah /sic/, 47,000 deadweight tons.  
Marsa al-Burayqah, 80,000 deadweight tons.  
Ra's Lanuf, 80,000 deadweight tons.  
Al-Sidrah, 120,000 deadweight tons.  
Al-Zuwaytinah, 120,000 deadweight tons.  
Intisar, 141,000 deadweight tons.  
Al-Hani, 153,000 deadweight tons.  
Al-Fuwayhat, 153,000 deadweight tons.  
Al-Qardabiyah, 153,000 deadweight tons.  
Al-Markwah, 30,000 deadweight tons.  
Tawurgha', 30,000 tons.

## Three Passenger Ships

There are three ships for transporting passengers, the Qar Yunus, Gharanatah and Tulaytilah. They are now operating along the coastal route between Tripoli and Benghazi. There also are 10 crude oil tankers, whose capacities range from 45,000 to 150,000 deadweight tons, and three oil product tankers. He made a comparison between the Libyan Arab fleet and the Arab, African and international fleets, stating,

"The Libyan fleet has a substantial position among Arab fleets, still occupying fifth place. After the completion of the 1981-85 transformation plan, the Libyan Arab fleet will be in second place among Arab fleets.

## This Comparison

As regards African fleets, Liberia, although its flag flies over more than 2,300 vessels, 950 of which are oil and oil products tankers, owns only a very small number of these ships, because most of the ship owners from various countries,

He added, "The 'Ghat' is now impounded without justification. The General Marine Transport Agency has taken all measures in international law, the sum of half a million dollars has been remitted to release the ship on a temporary basis until the body that impounded the ship is taken to court, and a demand for rights to compensation has been made through international courts that specialize in this matter."

#### Violation of Decrees

Our brother the acting secretary of the people's committee observed that many agencies and socialist companies have violated the decree that had been issued delegating the Marine Transport Agency to transport all goods exported from or imported to the jamahiriya, but these companies had violated this decree, and had started contracting directly with marine transport middlemen in manufacturing countries. When any deficiency occurs in this regard, they make the General Marine Transport Agency bear the responsibility.

#### We Are Warning Everyone

He said, "Everyone must realize that the Marine Transport Agency has not borne and will not bear any responsibility with regard to this matter, and it warns everyone that they must adhere to the contents of the decree and waive the agency's responsibility for the commitments that devolve upon them in the future. Also, the agency has its own fleets for transporting all volumes of cargoes, and it is ready to respond to that."

#### The 1981-85 Plan To Develop Marine Transport

Accompanying the giant revolutionary transformation which our jamahiriya is witnessing in various economic areas, the 5-year transitional plan for 1981-85 for the marine transport sector has come about as a supplementary matter to cover various types of cargoes for whose transportation our existing fleet does not have the special ships, on the one hand, and cranes for a number of vessels in the fleet on the other hand, increasing the existing inadequacies. It thereby is guaranteeing development in qualitative and quantitative form.

In addition, if we proceed to analyze the number of ships that are to be provided in accordance with the plan through purchase or construction, we will find that the importance and feasibility of the 36 ships embodied in the total of the projects plan stand out; in addition to their large number, they will introduce different types of transportation activities into our activities, which have special characteristics which we had not engaged in previously, and thus our means of marine transport comprise various requirements in terms of type, covering plan projects to buy and build ships to transport flowing grain and cement, livestock vessels, ships for ethylene (liquid gas), tankers for asphalt and refined oil products, and ferries for the coastal transport of cargoes and passengers, in addition to a concentration on speed in providing the loading and unloading equipment required to handle the cargoes. The great increase in the National Marine Transport Agency fleet, with the new types of specialized transport vessels it contains,

such as Greece, Britain, France and America, register their ships in Liberia to avoid high tax rates in their own countries.

In comparative terms, among the countries of the world, Japan still has the largest commercial fleet in the world. By way of comparison, the proportion of all Arab fleets in toto to the fleets of the world does not exceed 2.07 percent, because the total capacity of the world's ships exceeds 670 million deadweight tons, while the total capacity of all Arab fleets does not exceed 13 million deadweight tons.

#### A Comparison of Passenger and Cargo Ships and Oil Tankers from the Economic Standpoint

##### Passenger ships:

These are a comfortable mode of transport. They transport passengers and their baggage and cars among various ports and are distinguished from planes for their comfort, cheap travel and the enjoyable nature of sea travel. They are a means for transferring culture through exchanges of visits among peoples and for acquainting people with ancient and modern civilizations.

In general, passenger ships do not realize material profits; in all countries of the world, these ships are subsidized by the government so that their expenses may be covered, because they act as the country's ambassadors, regardless of material profitability.

##### Cargo ships:

These are broken down into a number of types, among them:

A. Traditional shipping: this is used to transport cargoes in general, parts of machines, and bales.

B. Horizontal loading: this is used to transport cargoes in containers, as well as cars. This is distinguished by the operating speed of the ships, in addition to ease in loading and unloading. The transport of cargoes is considered one of the most important of marine transport activities, since the goods shipped by sea cannot be transported by any other means, in view of their large size, their quantities, and the costs of shipping them. Marine transport is considered a cause of progress and transfer of civilization among countries, and also a means for material profit, since it realizes big returns.

##### Tankers:

These are broken down into:

A. Grain carriers. These ship grain in flowing form, not packaged in sacks, and are distinguished by ease and speed of loading and unloading.

B. Oil and oil products tankers. These transport crude oil from its source and the exporting countries to the importing countries, markets and refining locations. Oil products tankers distribute and market oil after it is refined. The importance of tankers in distributing energy, which is the pillar of all industry, is no secret, and for the most part tankers realize good material gain.

#### Shipping Is an Urgent Necessity

Regarding our question on the degree to which the benefits of marine transport are known in the jamahiriya, and their comparison with air transport, our brother member of the people's committee in the agency stated, saying:

"Marine transport, at the present time, has become a necessity and a requirement for nations. It is a means for linking countries up with one another and transporting crops and raw materials from the areas where they are to be found to the areas that need them. It also serves the purposes of tourist activity and culture.

"The importance of marine transport manifests itself in times of peace and war together, although its importance in times of war is not greater, because it serves the country in these circumstances together. This has led to an interest on the part of many countries in developing their merchant fleets.

"Since it burst forth, the great revolution of 1 September has striven to restore the glories of the Libyan Arab fleet, by establishing the General National Marine Transport Organization, which implanted the foundations of the construction of a modern fleet which could be relied on for transporting our oil products and for bringing in the materials and raw materials we need to build up our modern resurgence, to keep abreast of development and progress in the world. With the bursting forth of the revolution of producers, and the transformation of the organization into the General National Marine Shipping Agency, this agency has sought to send numerous groups of Libyan Arab youths to countries which have advanced standing in this area in order to prepare them to run the fleet at sea and perform administration in a manner similar to that on dry land. Groups of them have actually begun to graduate, in order to take their place as ship's crews, engineers, and supervisors on land. With the graduation of each of these young men, the agency, and consequently the jamahiriya, make a tremendous leap up the ladder of self-reliance, especially in this delicate area, from the economic as well as military standpoints. We in this agency consider the role that is imposed on us to be a delicate and sensitive one. It requires knowledge of what is being brought to Libya, including the fact that the Libyans alone are responsible, for many considerations, and marine transport is always and permanently considered to have a very important role, significance and numerous benefits, among them the tremendous quantities of goods shipped on vessels. In addition, it is of no less importance than air transport; the two have numerous advantages in the realm of transportation.

#### International Insurance

Regarding international insurance, or shipping insurance, its goals, its benefits and its flaws, our brother the acting secretary of the people's committee of the agency pointed out:

"Marine insurance was known many centuries before Christ in forms different from those we know today. Among them, for example, is the 'maritime loan.' People with money would lend the ship owners and merchants amounts of money which would be equal to the value of the ships and the cargo they were carrying, on which they would set a rate of interest which was higher than in any era of history. If the ship sank, the amount of the loan and the interest on it would be lost as compensation to the borrower, but, if the ship arrived safely, the owner would repay the value of the loan, with the interest, to the borrower. With the passage of time, and the various forms, means and types of insurance coverage, insurance entered the era of technology, and legislation in countries dealt with it, imposed specific conditions on the offering of coverage, and regulated the relationship between the insurer and insured in order to guarantee that insurance would be kept free of speculation.

"Maritime insurance, in spite of its numerous types, is linked directly to international trade. Were coverage not granted to the owners of ships and tankers by insurance companies, the marine transport industry would not have flourished, and consequently, the growth of international trade, economic cooperation among countries, the difficult construction activity and the provisions of manufactured goods, agricultural products, oil and oil products, and other matters which cannot be imagined that result from that. Because of this necessity, insurance in the modern era has become one of the most important of sciences in terms of effectiveness and its link with the development of societies. The dimensions man has reached in its progress in construction, industry and economy impose great responsibility and the provision of protection against all dangers on insurance.

"Insurance must not be isolated from various aspects of economic activity, since the dangers connected to development and construction are to be considered one of the manifestations of this activity.

"The insurance sector's contribution in granting the coverage needed for this sector has created the necessary balance in methods of carrying out development plans, and it is necessary protection for the Libyan economy.

"Regarding the discussion of statistics on the number of passengers in ships, and the tonnage of cargo vessels and oil tankers, 18,975 passengers were transported in 1978, 25,066 passengers in 1979, 21,850 passengers in 1980 and 9,258 passengers in 1981, while the number of passengers in 1982 came to 8,192."

#### Impounding of the Ship "Ghat"

Our brother al-Jadidi said that because of the pileup of thousands of the containers in which the socialist agencies import their goods, which has caused us embarrassment with some manufacturing countries, Italian authorities, under instigation from the owners of these containers, have impounded the ship "Ghat," which was present in Italian ports for annual periodic repairs. He said, "International shipping contracts do not compel any shipping company, or the General National Marine Shipping Agency in the jamahiriya, to return the containers. Rather, the body with the jurisdiction to do that is the Lubdah Shipping Company."

which came into being at the same time that it was decided to restrict all marine transport activities to our agency, and the responsibilities which have arisen from that, have caused the agency to plunge directly into the vast ocean of revolutionary transformation. At the same time, it is carrying out the activities of purchasing ships and is preparing to build others, in addition to the chartered vessels, until the time of self-sufficiency arrives. It is also preparing the necessary crews to run the new ships and is striving to expand and develop its administrative and technical apparatus. The agency is now seeking to buy two horizontal loading ships with a capacity of 3,500 deadweight tons, a dry cargo vessel of 300 deadweight tons, oil products tankers of 10,000 tons, and other oil tankers of 15,000 deadweight tons.

11887

CSO: 4504/414

ECONOMIC DEVELOPMENT IN EARLY 1983 ANALYZED

Casablanca AL BAYANE in French 26-27 Jun 83 pp 1, 3

[Article by Taoufiq Belhassan]

[Text] The results for the first few months of 1983 seem to confirm the indications that the economic stagnation our country has experienced is deepening, characterized mainly by:

- The aggravation of the trade balance deficit;
- the slowdown in general economic activities; and
- an intolerable level of foreign indebtedness.

In fact, at the end of February 1983, the trade balance deficit had reached 2.3 billion dirhams, representing a situation worse by 14.7 percent than that a year earlier.

This deficit was accompanied by a deterioration in the rate of coverage of imports by exports, which dropped to 44 percent, down 4 points from the 31 December 1982 figure.

This situation is explained both by the increase in imports (mainly manufactured products) and the shrinkage seen for our main export products.

For example, income from phosphates showed a drop of 14 percent, entirely due to the drop in world market prices, which declined to a level less than half of the point reached in 1973-74.

In addition, the results of the 1982-83 citrus fruits and early crops season (ending mid-March 1983) show a decrease in the tonnages exported of 6 percent and 31 percent, respectively, as compared with the situation as reported for the same period in 1982. The serious decline seen in exports of early products was due basically to the drop in exports of tomatoes from 58,227 to 35,164 tons, a decrease of 60 percent.

This situation was of course reflected in a disturbing decline in our foreign exchange assets. The Bank of Morocco reserves had dropped by the end of April to less than the cost of 1 week's imports.

In addition, our country's foreign indebtedness, as we reported in our 29 and 30 March issues, passed the 10 billion dollar mark, representing an intolerable level in relation to the gross domestic product of Morocco.

This is, moreover, what our lenders themselves have concluded, as is demonstrated by the recent limitations decided upon by the American Senate with regard to credit for our country, and the ultimatum issued to us calling for the settlement of a balance of 10 million dollars by 15 June 1983.

Parallel with this, economic activity seems to be showing a definite slowdown, confirming the 2.8 percent decline seen in 1982 in the added value for domestic industry.

Public investments have come to a practical halt, while Moroccan and above all foreign investments reveal major reservations. The credit allocated by the banking sector as of the end of April 1983 shows a shrinkage of about 5 percent.

Where the 1982-83 farm season is concerned, estimates made in May by the Ministry of Agriculture and Agrarian Reform for the four main grains point to a harvest of 31.6 million quintals as compared to 47.6 in 1981-82, representing a decline of 33.6 percent.

These results, if they are borne out, mean that our country will not even meet 50 percent of its grain requirement, and that it will have to import 33 million quintals in the months to come.

The harvest will be the more disappointing for the farm sector since the relatively abundant rainfall which characterized the beginning of this season made it possible to increase the area planted to grains by 11 percent. In terms of the area under cultivation, the yield will have shown a decline of more than 44 percent.

	Hard Wheat	Soft Wheat	Barley	Corn
Production in millions of quintals	11.2	6.7	11.4	2.3
Area in thousands of hectares	290.1	676.8	2184.3	434.9
Yields in quintals per hectare	8.7	9.9	5.2	5.3

This does indeed represent a very worrisome problem. It is in no way the result of situational factors, but is indeed due to structural elements aggravated by an unfavorable international situation.

The responsibility of the government should be raised, not for the pleasure of using a brick to crack a peanut, but because we believe that any solution to the profound economic crisis the country is experiencing must involve a challenge to the basic current political choices.

In fact, in choosing "economic liberalism," the government leaders have placed the country in the wake of the Western capitalist economies which are in crisis.

These countries are increasingly closing their frontiers to our products, imposing upon us a dependence which is an obstacle to the development of an economy such as to respond to the basic needs of our people.

This is why the Party of Progress and Socialism, proposing a democratic alternative to the current crisis, is seeking to liberate our economy from the grip of imperialism and the domestic upper bourgeoisie, with a view to the rational utilization of our national wealth to the benefit of the broad people's masses.

5157

CSO: 4519/268

## SUDAN

### PEOPLE'S ASSEMBLY SPEAKER AL-SAYYID INTERVIEWED ON INTEGRATION

London AL-MAJALLAH in Arabic No 175, 18-24 June 83 pp 22, 23

[Interview with 'Izz al-Din al-Sayyid, speaker of the Sudanese National People's Assembly by AL-MAJALLAH; "Speaker of the Sudanese People's Assembly to AL-MAJALLAH: The Integration Accord Between the Sudan and Egypt Covers Foreign Policy, in Addition to the Areas of Military and Security Affairs"; date and place unspecified]

[Text] Khartoum/Office of AL-MAJALLAH. Between the 25th and 31st of last May, the Sudanese capital of Khartoum witnessed the holding of the first session of the Nile Valley Parliament, which is one of the institutions set up under the integration accord between Egypt and the Sudan. Presidents Ja'far Numayri and Husni Mubarak addressed the opening session of the Nile Valley Parliament, presenting the standards for the program of integration in the coming period.

Sudanese President Ja'far Numayri demanded from the Nile Valley Parliament that the laws and legislation defining the practice by the citizenry of the two countries of their rights and duties be revised and that discrimination and distinction in this area be removed, with due consideration being given to realism, justice and gradualism, especially in the areas of transport, work, employment, commercial activity, the practicing of the liberal professions, the freedom of capital and goods flows, the deliberate scientific studies of the Nile Valley's resources, both human and agricultural, in addition to the development of food security programs for the inhabitants of the Nile valley, the Arab Nation and the African continent.

Mubarak, in his speech before the parliament's opening session, said that unity was the summit of political movement. Therefore, it ought to be provided with all possibilities, energies and resources, it being emphasized that the era of integration together with its institutions must be accompanied by the fundamental and fateful operation of rebuilding the human being in the Nile valley and arriving at a new form for his thoughts, concepts and morals, since integration is first and foremost a reflection of Man's essence, values and ambitions.

The parliament issued decrees and directives dealing with various areas of integrative work, in order to implement the contents of the accord. The most

important of these were: agreement on the first year's integration budget, agreement on trade and payment measures between the two states of the Nile valley, the setting up of the basic system for the integration fund, and the issuing of a Nile valley identification card allowing free movement between the Sudan and Egypt, with Presidents Numayri and Mubarak receiving the first two cards at the parliament's opening session as a way of announcing the start of its use.

In order to cast more light on the integration operation being carried out by the Sudan and Egypt, as well as the reasons why progress during the program stage toward the realization of the integration projects via the accord's institutions and their role in achieving the goals of integration has been faltering, in addition to some other matters in this area, this conversation with Mr 'Izz al-Din al-Sayyid, speaker of the Sudanese National People's Assembly and head of the first session of the Nile Valley Parliament, was held.

[Question] The steps toward integration in the area of economics and trade have witnessed several triumphs in the program stage. However, some have faltered. What are the reasons for that? To what extent has the accord been able to overcome these obstacles?

[Answer] There are basically two reasons for the project delays in light of the program: the first is legal. Essentially, the law in the two countries gives the right--I'm speaking of joint companies--the larger share, which is to say at least 51 percent, that is, in any joint project the Sudan's portion will be 51 percent of the stock at least. The same thing is true with respect to Egypt. If any Egyptian-foreign project is set up, Egypt must have the majority, which is to say, 51 percent at least. Consequently, the Egyptian-Sudanese projects conflicted with this law, since the share of the two states in the joint projects was not 100 percent, but went beyond that to 102 percent. This is a conflict which caused the delay in setting up the Nile Valley Bank and other joint projects. There is also a lack of financial resources, since the budget surpluses in the two countries are supposed to be depended on to finance the integration projects. In reality, there has been no budget surplus in either country. Consequently, we have not been able to finance these projects.

#### Foreign Financing

[Question] In that case, is it possible to depend on foreign financing for these projects?

[Answer] Foreign financing also requires completing the official papers for these projects. In this case, the participation share for the two countries in the specific project must be determined. This is the obstacle which I mentioned previously. In addition, there is the question of financing the studies of the value of the projects, which is quite an important part of foreign financing. These projects have lacked even these studies. There are feasibility studies which were supposed to be done on Lake Al-Nuba (the integrated area), the cost of which was estimated to be 50,000 pounds, which

was to be split between the two countries. We were not able to come up with the money. Consequently, all the studies were delayed. We have been able to overcome these matters now by getting rid of both the Sudanese and Egyptian laws obstructing the undertaking of joint projects by the two countries and making it possible for a joint project to be done with 50 percent going to each country. We have also given Sudanese and Egyptian capital the right to move in the two countries without restraints. That is, the Egyptian private sector can set up wholly owned projects in the Sudan, just as the Sudanese private sector can do in Egypt. As for project financing, we solved this problem by setting up a special fund called the integration fund. This fund enjoys financial and administrative independence and has a special budget, in accordance with the structure given it by the Supreme Integration Council. The fund has the right to contact institutions or associations in the two countries or abroad in order to attract the necessary investments. In addition, the fund has charge of financing or insuring the financing of the projects decreed by the Supreme Integration Council after the agreement of the Nile Valley Parliament has been obtained. In this case, the projects must make a quick return and have a reasonable level of profitability which spurs the investors to invest their funds here in the Sudan or in Egypt instead of in American or Europe.

[Question] What are the basic characteristics of the integration accord as an intermediate step between the program and unity, especially in the area of creating specialized agencies?

[Answer] The second is considered a practical movement in the direction of developing the integration program and injecting it with life, as a way of making up for the insufficiencies which the experience of eight years in the program and accord stage has uncovered. It rests upon a firmer and more precise legal basis than the program did, since the accord was issued in the form of a treaty signed by Presidents Numayri and Mubarak. It was also confirmed and approved by the people's assemblies in both countries according to the constitutional procedures used in both. Thus, the treaty has acquired the force of law. Therefore, the obstacles which used to stand as stumbling blocks in the way of the application of the integration measures as a result of conditions determined by the laws current in both countries have been overcome. Moreover, the areas of integration between the two countries have been diversified in this stage, since the accord is not limited to integration in the area of economics, but extends as well to the area of foreign policy and the various issues which are of concern to the two countries. Moreover, it gives more support to ties on the popular level, and, in order to reinforce them, in security and military areas as well. On the basis of the desire to give impetus to integration and develop it, the accord encompassed the erection of specialized agencies like the Supreme Integration Council, which is chaired by the presidents of the two countries, with delegation and membership for a number of responsible public personalities. This gives integration greater effectiveness on the executive and political authority in the two countries, grant the ability to move quickly to this council and serve to link the incentives to integrate with popular feeling in the two countries. Moreover, the accord encouraged the participation by people's representatives from the two countries in integration

operations via the formation of the Nile Valley Parliament, which includes members from the Egyptian People's Assembly and the Sudanese People's Assembly, as well as the provincial councils in the Sudan. The number of members in the Nile Valley Parliament is 120, equally divided between the two countries. With regard to financing the operations of integration, the accord provided for setting up the integration fund, which was to take over responsibility for preparing economic benefit studies for the integration projects, as well as for organizing the means of finance.

[Question] How is the fund financed and what is its capitalization?

[Answer] The capitalization of the fund is supposed to be large. However, we have come to see the lack of benefit from holding onto large, frozen sums without work or movement. Therefore, we have decided to start with small sums, so that we can benefit from them in studying the gains to be made from joint projects, so that financing for the execution of the projects will come from investors in the two countries or abroad. It has been decided that the Sudanese and Egyptian governments will pay the sum of \$950 million in the first year. The fund also now has ownership of all prior projects undertaken during the program. Therefore, it has a basis, and is, in this form, firmly supported both in Egypt and the Sudan.

[Question] When the Sudanese National People's Assembly approved the accord a few months ago via consultations by the members in this regard, some said that the accord did not satisfy the ambition of the two peoples and did not contribute anything new in the area of relations between the two countries. Some thought it was desirable to go further still. How do you view this, and what is required in the coming stage for integration to proceed toward its goals?

[Answer] The text of the accord states that the two states will commit themselves to achieving its goals within a period not to exceed 10 years, a period which is further subdivided into limited temporal stages. The Supreme Integration Council issues a decision with regard to determining the goals of each stage and the means of executing them, after the Nile Valley Parliament's agreement has been obtained. Our intention here is that we not jump or pass over stages and that we proceed by deliberate and studied steps, in addition to starting to implement the economic projects which are considered to be the main pillar in this area, so that the people both here and there will derive noticeable benefit from this integration. All of us are enthusiastic about that. However, excess enthusiasm may perhaps bring opposite results. Therefore, deliberate studies have been carried out of unity experiments, some successful and others not, in the Arab world and other regions. All this confirms the necessity of proceeding with deliberate steps and starting with limited projects, so that the subject of integration won't be merely a bunch of slogans. We believe that 10 years is a long enough period to focus the integration operation so that the subsequent steps of the operation will be easy and will not require legislation by the governments, since they will be popular steps implemented automatically.

[Question] What is the nature of the relationship between the political apparati in the Sudan and Egypt and the integration path they are following, given some difference in the political systems of the two countries? That is, there is a multiplicity of parties in Egypt and a single political organization in the Sudan (the Working Alliance of Popular Forces).

[Answer] Integration--as I noted--is occurring between three such apparati in the two countries, among them the Nile Valley Parliament, which has two types of membership: elected members from the Sudanese People's Assembly and members appointed by the president of the republic. As for Egypt, those members of the Egyptian People's Assembly who are chosen for the Nile Valley Parliament are members of various political parties in Egypt, while the members of parliament from the Sudanese People's Assembly are members of a single political organization. However, international representative custom says that the member, once he has been elected and taken the membership oath, no longer belongs to his district or party but represents a nation. Thus, a member coming from the Sudan respects the Egyptian constitution which safeguards the principle of parties there and respects as well the republican system existing in Egypt, just as the Egyptian members of parliament do. Those chosen for the Nile Valley Parliament, whether they are from the Sudanese or the Egyptian people's assembly, represent the nation both here and there. Consequently, they lose the characteristic of being tied to a party or belonging to a district. I do not believe that a conflict exists between the political systems in the two countries, both of which depend on the system of presidential republicanism and contain democratic institutions in the form of the people's assemblies. As far as the multiplicity of parties in Egypt and the alliance here in the Sudan are concerned, let me point out the general principles behind the setting up of the Egyptian political parties, principles which are similar to those which govern the Working Alliance of Popular Forces in the Sudan.

12224

CSO: 4504/444

# JOURNALISTS TOUR BATTLEFRONT, POW CAMP

Doha AL-RAYAH in Arabic 4 May 83 p 3

[Article by Mustafa Labib: "War and Peace, Two Faces of Iraq; Close Look at Battlefront; Iraqi Forces in Full Control of Situation and Prepared To Repel Any Assault; Reasons for Victory Scored in Maysan Sector"]

[Text] From the first day of our arrival in Baghdad, the journalists' eyes and interests turned to the battlefront, which was witnessing a violent offensive by the Iranian forces in the Maysan sector on the Iraq-Iran border. This offensive, as declared by Iraq, was considered one of the biggest launched by the Iranian forces since the outbreak of the war in September 1980.

While following up on what happened at the conference center with regard to our peace efforts, our persistent demand was to visit the battlefront to see what was happening there and to try to ascertain the truth about the battle about which the two sides have been issuing conflicting communiques.

One day after the battles subsided and after Iraq declared that it had crushed the new Iranian offensive, we were there on al-Fakih hills with the forces of the Iraqi Fourth Corps, which confronted the offensive and many of whose commanders and troops received the Medal of Bravery from President Saddam Husayn in appreciation for their rare heroism and superior bravery. As it is said, he who has seen is not like him who has heard.

## Search for Truth

When the first undersecretary of the Iraqi Ministry of Information met with the Arab and foreign journalists and told them that helicopters were waiting to take them to the front, all felt that they had gotten the "precious catch" they were hoping for.

While the helicopters were flying us over vast areas of cultivable land reclaimed and supplied with irrigation and drainage within the framework of the ambitious Iraqi plan to absorb millions of Arab peasants and farmers with the aim of producing enough food to meet the entire Arab homeland's needs--a plan which, very regrettably, has come to a halt due to the war conditions and the exorbitant costs of the war--while the helicopters were flying us, the question on the journalists' minds was: What will we possibly find on the frontline?

At the time Iraq had declared that it had crushed the Iranian offensive and while President Saddam Husayn was visiting the front and then personally awarding the Medals of Bravery to the officers and troops in the city of al-'Amarah which is only a few meters from the front, Iran was asserting that it had scored a major victory and that it had actually crossed the international border and occupied some Iraqi territory.

Could we actually get the truth there?

The young major flying our helicopter revealed spontaneously a "prelude" to the truth through a calm smile and a friendly conversation over the intercom. The Iraqi side seemed reassured and confident of itself, or this at least was the impression left in our minds by the helicopter trip, which lasted more than 1 1/2 hours.

#### Knight of Knights

The FRG-made helicopter finally landed at the Fourth Corps command post where escorts accompanied us to a hall. Moments later, we were surprised to find ourselves standing face to face with Staff Maj Gen Hisham Sabah al-Fakhri, commander of the Fourth Corps, with whom the Iraqi president had met on the previous day to be familiarized with the details of the situation and, at the same time, to show his appreciation for the superb heroism displayed by the members of the corps, which the president described as "knight of the knights."

With calm and simplicity, the commander sat down, welcoming any questions. For an hour and a half he answered all questions and interrupted more than once to correct the words of the interpreter translating his answers into English. What is surprising is that he remained ready at all times to answer any questions while his aides were asking the reporters to be content with the questions already asked!

The man was reassuring and confident of his forces' position and of the major victory they had scored. He said that he would make it hard for the Iranian forces to launch a similar offensive in the near future as a result of the enormous losses they had incurred in lives and equipment, even though Iran had been preparing and mobilizing for this offensive since last November. He said: You will see with your own eyes how the Iraqi forces are in full control of the situation and how they have not moved from their positions even though the Iranian forces have withdrawn from their positions a distance of 20 kilometers inside Iranian territory.

On the importance of the offensive, Staff Maj Gen Hisham Sabah al-Fakhri said that it included large numbers of forces, totaling 120,000 men, and that elite Iranian forces, including the 12th Division, the 16th Division, the 55th Paratroop Brigade, the 58th Commando Brigade and more than 25 brigades of the Islamic Guard, participated in the offensive. He added that the Iranian forces in this battle used the system of the fully merged regular army, guard and volunteers. Each regular brigade was merged with a brigade

of guards or volunteers. Moreover, the battles, characterized by their ferocity, which reached the point of combat with hand weapons, went on for a full week, day and night.

#### In Front Positions

We spent the night in the city of al-'Amarah, only a few kilometers from the front. In the early morning, military jeeps took us to the frontline positions. The main observation there is that the Iraqi forces move with complete freedom and that calm is evident in all of the positions, thus proving clearly that they are in full control of the situation and that there is no danger from the other side.

The troops welcomed the journalists, offering them cups of hot tea while recounting stories of the rare heroism displayed by the Iraqi forces and of how the guards of the small advance companies entrusted with observing the Iranian forces' movements and positions confronted the assault forces and were able to valiantly stop the assault by themselves.

A soldier recounted that after the fighting had stopped he found a wounded Iranian soldier lying on the ground and that the only word the wounded soldier uttered when he carried him to one of the medical units for treatment was: Infidel, infidel.

One of the officers said that the Iraqi forces were able to achieve the victory for several important reasons, the most important being the firm cohesion between the command at its highest levels and the officers and the troops, the high morale as a result of the fact that all are defending their homeland and the availability of all the weapons, equipment and combat experience needed by the combatant. Accompanied by a number of officers, we proceeded to the frontline where we saw clearly behind the barbed wire protecting the Iraqi positions tens of bodies lying on the famous al-Fakih hills. There were also some damaged Iranian tanks and vehicles. The smell of the accursed, and seemingly totally futile war, fills the vast place where the Iraqi forces are confronting continuous attacks despite the olive branch that the Iraqi leadership has been waving constantly since the first week of the outbreak of the war.

Witnessing the signs of the major Iraqi victory and of the cohesion and firmness characterizing the Iraqi forces, we recall the words of the Fourth Corps commander in reply to a question from one of the reporters: We call for peace out of concern for the lives and blood of Muslims. At the same time, we are determined to defend our land with all our strength and we are always prepared to repel any offensive that seeks to cross our international border.

#### At Prisoner Camp

On the following day, we proceeded to al-Ramadi, west of Baghdad, to visit a prison-of-war camp for Iranians. The camp commander, a young military police major, received us, explaining that this is one of several similar camps in various parts of Iraq where a uniform system taking into consideration the needs and requirements of all prisoners is applied. He said that

al-Ramadi camp includes a number of children used by the Iranian forces in their attacks, adding that the camp is equipped with a library containing a collection of religious and educational books, in addition to newspapers in Arabic, English and Persian and a shop selling food, drinks and the like to the prisoners, each of whom gets 20 dinars monthly. The camp also has an internal radio station broadcasting in Persian. The daily activity program provides for 6 hours which the prisoners spend in the open in athletic exercises and games.

The camp commander, who has good command of Persian, took us on a tour inside the camp, which consists of several two-story buildings, each of which is divided into large rooms that house a number of prisoners and are supplied with beds. At the outset, we visited the kitchen, which is supervised by prisoners and in which a number of prisoners work on a rotating basis. The Iraqi officer offered some rice to the reporters, who showed their admiration for the way it was cooked.

In a special wing of the camp, there was a group of young prisoners. One of them said that he was a soldier in the army. In reply to a question, he said that he was 20, though it seemed that he was no more than 15.

What evoked the strongest feelings of sadness among the reporters was perhaps the sight of two youths, neither of whom was more than 15 years old, one with an arm lost and the other with an amputated leg for no sin, of course, other than participating in that accursed war.

At the end of the visit, which lasted more than 2 hours, the camp commander said in reply to the reporters' questions that in accordance with Red Cross rules, each prisoner is permitted to send one message monthly to his family in Iran, provided that the message is open and not inserted in an envelope. He asserted that there have been no troubles at the camp, that tours were organized for all of the prisoners to visit the holy places in Karbala' and al-Najaf and that Iraqi President Saddam Husayn received the young prisoners and expressed to them his deep regret for all the harm they have suffered as a result of their participation in the war despite their young age.

We left the camp with a single question revolving in our minds: How and when will this war end now that Iraq has repeatedly declared its sincere wish to end it and to establish peace between the two neighboring Muslim countries?

8494

CSO: 4404/386

## FOREIGN SERVICE UNDER ATTACK FOR POLITICAL AFFILIATIONS

Jerusalem THE JERUSALEM POST in English 22 Jun 83 p 8

[Text]

THE CONCEPT of an apolitical civil service, laboriously developed over three decades, is under attack in this country. The latest target is the foreign service. Whatever the motives for the attack, it must be turned away.

On Sunday the Minister of Communications, Mordechai Zipori, charged in the cabinet, without offering proof, that the appointment of persons identified with the Labour Party to the foreign service damaged Israel's information effort abroad. Mr. Zipori may have been trying to clear himself of the "black sheep" image which has clung to him as a result of his relentless criticism of government policies in Lebanon during the past year. But the effect was to propose a political test of loyalty for members of the foreign service.

Such a test was also, in effect, proposed on Monday by Issachar Katzir, the newly appointed consul-general in Atlanta, Georgia. Mr. Katzir's appointment was a political one, and it was opposed by the Foreign Ministry's staff committee, which would rather see more professionals placed in overseas posts. Mr. Katzir hit back with the charge that "Mapainiks" — holdovers, that is, from the old Labour Alignment regime — "have grabbed the state by the throat, and must be dealt with." Because this was not being done, Mr. Katzir suggested, Israel — in its information effort — "continues to stutter."

Now it goes without saying that stutterers should not be representing this country abroad, regardless of their domestic political affiliations. But if memory serves, some of the most eloquent spokesmen for Israel's cause — indeed for Israel's official policy — since 1977 have been such "Mapainiks" as Chaim Herzog at the UN and Shlomo Argov in London. Should they have been disqualified for service merely because they were not "Likudniks"?

According to the Zipori and Katzir view they should have been, for mere professional ability to stand up for Israelis is insufficient in an Israeli ambassador, or for that matter a consul-general. The Israeli spokesman must be a true believer who will commit himself personally, and unreservedly, in front of a truth machine perhaps, to Greater Eretz Yisrael. This view does not appear to be shared by the Foreign Minister, Yitzhak

Shamir, who had high praise for the loyalty and dedication of his staff just this week. But it is a common enough view in Likud circles, and it is not applied to the foreign service alone.

To be sure, if this view receives official sanction, the spoils of office would belong to victors in *every* election.

CSO: 4400/427

## MAJORITY OF KNESSET STILL OPPOSES DORON IN CABINET

Jerusalem THE JERUSALEM POST in English 16 Jun 83 p 3

[Article by Asher Wallfish]

[Text]

Liberal Knesset Member Sara Doron invited a table-full of family to a festive lunch in the Knesset yesterday for the third time running, only to have her hopes of parliamentary approval for entry into the cabinet dashed once again, as they were twice before.

Although three months have passed since a cabinet seat was set aside for her, the coalition has not been able to muster the necessary parliamentary majority, because of dissension and obstruction in various quarters.

Tourism Minister Avraham Sharir, one of the leaders of the Liberal group which sponsors Doron, asked Justice Minister Moshe Nissim on Tuesday to put out feelers to the Agudat Yisrael faction. The feelers were aimed at overcoming the Aguda's objections to Doron's appointment, which date from the last abortive bid to amend the definition of a Jew in the Law of Return.

Doron was one of those who voted against that Aguda initiative, angering the ultra-orthodox faction.

Nissim yesterday secured from Prime Minister Menachem Begin a letter to the Aguda saying that he considered himself "committed to act" to get the Who's a Jew law passed when it next comes up (at the start of the Knesset's winter term).

Avraham Shapira, the coalition chairman who is also the Aguda MK most active in advocating the law which allows only Orthodox

conversions, accepted the Begin letter as a sufficient reason for dropping the faction's objections to Doron. But the Begin letter is not binding on the Likud or on the coalition, which had not made the passing of the "Who is a Jew" law a *sine qua non* in the coalition agreement.

All was set as far as Nissim was concerned, and Doron, told that her cabinet seat would be approved, invited her family to the Knesset.

Nissim assumed that the large attendance yesterday for the debate on the commission of inquiry proposal would insure a comfortable majority to put Doron in. The fact that Liberal Energy Minister Yitzhak Moda'i, who had vainly resisted Doron's candidacy, was out of the country may also have influenced Sharir and Nissim.

The House Committee was summoned for 10:45 a.m., just 15 minutes before the plenum opened, to add a new item to the agenda — the approval vote for Doron. This was a total surprise for two coalition partners, the National Religious Party and Tehiya.

The National Religious Party at once objected on the grounds that it could not be ignored when deals were contracted with the Aguda on religious issues such as the Who is a Jew law and a proposed archaeology bill.

Deputy Foreign Minister Yehuda Ben-Meir went to the House Committee and halted the meeting on the grounds that the NRP needed to

convene before it could give an opinion on the Doron approval vote.

When the NRP faction convened, Interior Minister Yosef Burg said his party had to know the precise details of the Likud's commitments to the Aguda, but did not object to Doron's appointment as such. Burg said: "The Likud may think we are stupid, but they ought not to show it so plainly."

Burg was authorized to see Begin at once and warn the prime minister that the NRP would defect on the Doron vote. Begin then sent Nissim a note to stop everything.

In the meantime, the four supporters of Moda'i in the Liberal wing of the Likud, led by deputy Agriculture Minister Pessah Grupper, who had been beaten by Doron in the race for the empty Liberal cabinet seat, warned their Likud colleagues that they would either vote against Doron or for the inquiry into the conduct of the war, as proposed by the opposition.

Grupper roared in the lobby: "What do they think they are doing like thieves in the night?" He said that it was unthinkable to bring up such a proposal in the Knesset while Moda'i was not in the country.

The Tehiya faction also lodged a sharp protest against the proposal to confirm Doron's entry into the cabinet. Science and Development Minister Yuval Ne'eman told Herut wing chairman Ronnie Milo that his demand to be allowed to resign his Knesset seat while keeping his cabinet seat, to let the next person on the Tehiya list into the Knesset, still stood as urgently as ever, and that he would not vote for Doron until his demand was met.

Milo calmed Ne'eman by promising that next Monday he would propose in the coalition executive a law whereby one out of every two ministers in a faction would be able to give up their Knesset seats to let the next person in.

After the fiasco was over, two of the Aguda MKs, Shlomo Lorincz and Menachem Porush, said they were not confident about any Liberal promises with regard to the Who is a Jew law, but they regarded the Begin letter to the Aguda as a valuable document for future use.

Lorincz and Porush have generally not given the Who is a Jew law top priority.

INTERVIEW ON SARTAWI SUPPRESSED BY ELI'AV

Jerusalem YOMAN HASHAVU'A in Hebrew No 52, 15 Apr 83 p 10

[Interview with Luba Eli'av by YOMAN HASHAVU'A; date and place not specified]

[Text] Around 2 weeks before the Galilee Peace War, Arie (Luba) Eli'av granted an interview to YOMAN HASHAVU'A. Later, he called the editorial desk and asked that the interview not be published. We agreed to delay publication. Today, following the murder of Palestinian terrorist Issam Sartawi, a man who had contacts with the "Israeli Palestinian Council," and following the publication of articles exalting Sartawi's memory, articles written by leftists including Eli'av, which appeared in the Israeli press--it is of some interest to read what Eli'av thought about Sartawi 10 months ago. We are convinced that even Eli'av, a public figure, would agree that in a democratic state it is the right of the people to know.

Eli'av: The Palestinian question, as it has come to be called, began to interest me immediately after the Six-Day War. I went to the office of the Prime Minister, the late Levi Eshkol, and I asked him to give me permission to go to the Gaza Strip and Judea and Samaria to see what could be done there for the refugees. I also wanted to pass a law prohibiting Arab labor in Israel. But Eshkol was already ill, and when the subject was brought before Golda, she said: "The poor in your own cities come first."

Question: And therefore you, and others, established the Israeli Council for Peace?

Eli'av: Only around 100 people joined the council at the time, most of them intellectuals, among them Dr Ya'kov Amon and Dr Moti Peled. It became clear to us that our platform was based on fruitful ground. Mendes France, the former French Premier, acted as interlocutor--he loaned us the use of his villa near Paris, where we were supposed to have our first meeting with official representatives of the PLO, led by Dr Sartawi.

Question: And you were willing to meet with terrorists who had killed Israelis and peoples of other nationalities?

Eli'av: We had some trepidations, but we knew that the other side was taking a risk as well. At first, the atmosphere was very tense. We didn't know how

to begin, until Sartawi mentioned that he had read the series of books entitled "The Land of the Deer." I had already decided, at the outset of the meeting, to emphasize that we were Israeli Zionists and that the State of Israel, to our minds, was and would remain an independent, sovereign state. I also told him, in the course of the conversation, that if one day he should come to my street, to my house, armed with a rifle and on a mission to kill--I would not hesitate to shoot him. I told him, in the words of the Bible: "Rise to greet your assailant."

Sartawi then told me that he had participated in the "Krema" incident of 1970, a battle in which my son fought. I said: "You might have killed my son, God forbid..."

Question: How do you evaluate Sartawi's reactions?

Eli'av: Issam Sartawi is a physician who studied in the United States. He was speaking for a minority people. He himself said that he was not representing the PLO and that our conversation was not official. Later, during further talks with Senegal's President Leopold Senghor, I understood that Sartawi was a minority within a minority, but it was unreasonable to think that he had met with us unless the PLO leadership had given their permission, or at least they closed their eyes.

9811

CSO: 4423/134

## DESALINATION TECHNOLOGY BOOMS

Jerusalem THE JERUSALEM POST in English 22 Jun 83 p 6

[Article by Macabee Dean]

[Text]

TEL AVIV. — The Bechtel Corporation, one of the world's largest construction firms, which at present is carrying out projects worth \$15 billion in Saudi Arabia, recently assessed the methods used by Israel Desalination Engineering (the Zarchin process) as the most advanced in the world. Natan Berkman, head of Israel Desalination Engineering, stated this yesterday at a press conference.

Berkman thinks that some of the Israeli-made units are functioning in Saudi Arabia, but not through Bechtel. He believes that they reached Saudi Arabia as an offshoot of the knowledge the Americans acquired as joint financiers of the Ashdod plant. The plant cost \$27 million to construct and produces 20,000 cubic metres of

sweet water a day.

Berkman said that the Israeli system was the cheapest in the world, producing a cubic metre of water for 70 cents, and that this would soon be lowered to 60 or even 50 cents a metre. (The original process, as developed by Alexander Zarchin, who is now retired and living in Tel Aviv, was not used. Rather two other methods, "multi-effect distillation," which uses steam, and "vapour compression," which uses electricity, were being sold.)

So far, Israel Desalination (which was acquired from the government by Israel Chemicals early in 1982) had sold plants to five Latin American countries, to Spain, and to Italy. The biggest project so far was three plants for the Virgin Islands, each costing \$5m., with

another three smaller plants, each costing about \$3.5m. now being installed. The latter three had originally been ordered by Iran before the revolution.

Iran at one time was the biggest customer of the Israeli company, buying some 70 small plants at a total cost of \$50m. to \$60m.

"Although we are highly competitive, the Arabian market is closed to us — and it constitutes some 85 per cent of the entire market. Of the remaining 15 per cent of world demand, we supply about 20 per cent," Berkman said. Other large competitors are in the U.S., West Germany, the UK, Italy, France and Japan.

During 1982/83 the company had sales of \$15m., with gross profits of \$1.5m. In the previous year net sales were \$5m., with a loss of \$890,000.

CSO: 4400/427

## BRIEFS

TANKERS AS FIRE EXTINGUISHERS--IDF water tankers will now also be used as fire trucks, thanks to a special adapter that will be attached to the tankers and will further allow for regular fire hoses to be hooked up. Until now, the water tankers were used for supply only. But with the new adapter, attached to the tankers with a special fitting, fire hoses can be hooked up and water can be pumped at eight times the atmospheric pressure. The new device was developed by the operations officer in charge of fire fighting and prevention in the central maintenance command, Lt Col Bob. The device was recently authorized for use by all the IDF authorities involved. Soon, all the tankers will be equipped with the special fitting, two hoses, each 15 meters long, and a thrust mechanism. In addition to expanding the fleet of fire trucks in the IDF, the new adapter will increase the amount of water that can be used during a fire: Tankers hold 18,000 liters while standard fire trucks contain only 3,000 liters of water. [Text] [Tel Aviv BAMAHA in Hebrew No 35, 11 May 83 p 7] 9811

CSO: 4423/134

FINANCE MINISTER CONFIDENT OF CONTINUED ARAB AID

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 29, Jun 83 pp 64, 65

[Interview with Salim Masa'idah, Minister of Finance and Customs: "We are Confident of Continued Arab Aid"; date and place not specified]

[Text] Jordanian Finance Minister Salim Masa'idah, in an interview with AL-IQTISAD WA AL-A'MAL, said that he was convinced that Arab aid to Jordan would not be affected by the end of the oil boom. He affirmed that the Jordanian foreign debt is still "lower than the limit acceptable by banking standards."

[Question] The Jordanian economy has profited in various ways from the "oil boom." Can it be affected to any degree by the recession?

[Answer] Two important areas could be greatly affected: Arab aid on the one hand, and remittances by Jordanians working in Saudi Arabia and the Gulf countries on the other.

There are considerations which make us believe that Arab aid will not be affected. It was decided upon for reasons which do not include Jordan alone, but affect our common Arab destiny, enabling Jordan to meet the defense expenditures it cannot meet through its limited resources. Furthermore, the amount of assistance was determined in 1978, when the price of a barrel of oil was around \$13.50, as I remember. Our belief that this assistance will continue as long as the reasons for it exist and our experience with our sister countries assure us that assistance will not be affected. There is no doubt that remittances by Jordanians working abroad are to a great degree linked to the rate of economic activity. Any significant drop in public or private expenditures will affect them. However, there is a constant factor in this regard, which is the type of work done by Jordanians abroad (laborers and contractors) and its degree of permanence. There are always jobs and groups that are affected before others and to a greater degree than others by any slow-down. Jordanians are generally in a better position in this regard, and so far we haven't seen any indication that remittances have actually begun to fall off.

We Will Keep a Tight Rein on Expenditures

[Question] How may expenditures and development be affected by the decrease in oil revenues?

[Answer] Government expenditures in Jordan are in two categories: The 5-year plan and the annual budget.

Under the 5-year plan, we have divided investment funds (over \$10 billion for 5 years) equally between the private and public sectors. The private sector's capabilities are growing rapidly, so we can make up any short-fall in projected expenditures under the plan by inducing the private sector to increase its participation in the 5-year plan. As for annual expenditures, this year we had steep obligations from the beginning, and the government decided to review certain projects that were not underway or that were non-priority. A tighter rein will be kept as well on current expenditures through greater control, but not at the expense of performance and quality.

[Question] What percent of the plan relies on foreign loans for financing?

[Answer] Loans amount to around 200 million dinars. This means that the completion of some projects depends on these loans. I should point out that we still receive a favorable response in the world market because Jordan has a good reputation for fulfilling its obligations. For example, the \$225 million loan which we recently obtained by arrangement with the Arab Investment Bank yielded a much greater return than its actual value. It was concluded with favorable terms (0.5 percent over above the Libor) for 5 years with a grace period of 2 years. We also go to Arab funds and Islamic investment institutions.

#### Jordanian Debt Small

[Question] How do you assess Jordan's debt and the possibility that it will grow in light of the new circumstances?

[Answer] Jordan's foreign debt is still lower than the acceptable limit according to financial and banking standards. The domestic public debt is governed by law and is still lower than the limit allowable by law. The important thing to note here is that most of Jordan's debt went to finance production projects and shared directly in the capital formation of the national economy.

[Question] Despite conditions which encourage investment, Arab investment is still hesitant to come into Jordan. Why is this?

[Answer] Arab money that comes into Jordan is controlled by a law to encourage investment which provides guarantees and generous incentives, including the right to transfer profits and take money out of the country without restrictions. For this reason, Jordan is one of the best countries for investments. Perhaps the reason for the limited Arab investment is that in the past our ability to absorb investment was limited. We intend to review the investment encouragement law to increase incentives and deal with certain deficiencies.

[Question] Some Arab investors have commented on the number of agencies that are involved in investment and the effect this has in slowing down transactions.

[Answer] We have been working on this for some time. We are thinking of setting up a "transaction department" that would have all the necessary information and would therefore be able to make decisions and give guidance and assistance.

[Question] Are there any guarantees that the movement to set up joint-stock companies in Jordan won't turn into a speculative market?

[Answer] Expansion of joint-stock company activity is due to increased capabilities in the private sector on the one hand and quick action by financial and monetary authorities on the other to provide the right setting to spur, then protect, investment. We are fully aware of what type of money market we want and for what objectives. There are many controls to ensure that the market is a factor which promotes development and provides capital for production projects and is not an end in itself. We place restrictions on establishing financial enterprises and we make sure that the obligations of all parties in the market are set down with the utmost clarity and precision in the documents to prevent any speculative activity that would endanger stockholders or savers. This is why the Amman financial market has grown rapidly and gained the confidence of all those who deal with it.

[Question] What percent of capital participation in stock exchange activities is non-Jordanian? What percent is Gulf in particular?

[Answer] A large part of stock exchange activity is financed by money from abroad. Some of this money is from other Arab countries and some belongs to Jordanians abroad.

[Question] To what extent is the Gulf war affecting the Jordanian economy at the present?

[Answer] It is an effect, to the extent that activity has decreased and along with it Jordan's share of this activity. We are affected as are others, but perhaps to a lesser degree because we have stability and balanced economic activity.

Arab Aid to Jordan

1974-1982

(in millions of U.S. dollar

Proportion of total aid												
Number of transactions	1962-1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	Total	
							1979					
Islamic Bank	10	-	-	-	9.30	-	23.69	-	31.45	50.00	104.44	
Abu Dhabi Fund	4	-	1.26	-	25.62	-	-	5.12	-	-	37.43	
OPEC	2	-	-	-	1.65	7.00	-	-	-	-	8.65	
Saudi Fund	7	-	-	-	-	77.73	-	11.57	48.52	-	137.82	
Iraqi Fund	9	-	-	-	-	38.00	20.00	87.60	180.00	-	325.60	
Arab Fund	9	-	17.24	20.52	20.59	-	7.60	18.50	-	40.33	124.78	
Kuwaiti Fund	18	39.27	3.41	32.94	51.65	-	46.70	-	54.94	55.34	284.28	
Total	59	39.27	8.84	53.46	108.81	122.73	97.99	122.79	304.94	145.67	1023.00	

9882

CSO: 4404/451

RESTRICTIONS ON WEST BANK PALESTINIANS DISCUSSED

London AL-HAWADITH in Arabic No 1386, 27 May 83 p 35

[Article by Muhammad Sa'id al-Junaydi: "Jordan Shuts Down Open Bridges; Israel Creates Demonstrations on the West Bank to Evict 'Extra Numbers' of Palestinians."]

[Text] Until the Jordanian minister of interior announced the new regulations concerning the movement of Palestinians from the occupied territories into Jordan and across it, the open bridges policy was the accepted method of operation between the two banks.

The open bridges policy dealt with two issues: the movement of inhabitants from the occupied territories to the Arab world, on the one hand, and the marketing of the West Bank and Gaza Strip Palestinians' goods in Jordan and the Arab world. In the final analysis, it was said, the marketing of these goods helped rejuvenate the Israeli economy.

Jordan viewed the whole matter from a different perspective: that the population and commercial movement's first and final objective was the resuscitation of the Palestinians in the occupied territories and the alleviation of their financial predicament--a matter which was agreed upon by the Palestine Liberation Organization, according to Hasan Ibrahim, minister of the occupied land affairs.

Last week the Ministry of Interior issued a statement, which was explained by some as a change of policy by the Jordanian government--from that of open to closed bridges. This declaration, which contained new procedures encompasses what can assuredly be referred to as the Jordanian character, following the government's previous statement, which came on the heels of the rejection of President Reagan's initiative and desire for negotiations with Israel. The declaration then stated that Palestinians were given the option of trying to regain their land in the fashion they saw best suited to their interests. Hence, Jordan deflected the charge accusing it of following an "ambiguous" policy, particularly as it related to this initiative. It further extended the issue of ambiguity to other Arab quarters since conflicts on Arab lands, such as the Iraq-Iran war and the invasion of Lebanon, could not withstand a policy of evasion and apple polishing which has been

prevalent among some Arab leaders, as a method of solving intricate national problems and the settling of regional disputes. First, what are the new regulations? Second, why were they implemented at this time?

The new regulations state the following:

First, any citizen is prohibited from leaving the West Bank except across the King Husayn and Prince Muhammad bridges. Any person caught violating this directive subjects himself to legal prosecution and administrative regulations. Bearers of temporary Jordanian passports are further prohibited from leaving the occupied territories, except across those two bridges.

Second, no citizen from the West Bank or Gaza Strip may enter the East Bank if his permit, issued by the occupation forces, contains any restriction preventing him from returning prior to the expiration of the permit. This does not apply to West Bankers carrying Jordanian passports and formerly residing outside the kingdom since the previously-enacted regulations still hold. The Jordanian government attempted to explain the nature of these regulations and their relation to the current stage by saying:

"Jordan has exerted every possible effort to offset the effects of restrictions imposed by the enemy to demolish our people's steadfastness in the occupied land, through a policy of settlements that presents the greatest danger facing the Arab inhabitants' existence and their historic rights to this cherished part of the Arab holy land...In view of the escalating and continuous invading settlement plans, particularly recently, it behooves us to announce today some of these regulations concerning the organization of transportation operations between the two banks." Accordingly, the new regulations apply only to people and not to the economy. That is, the closed bridges policy is aimed at a particular category of inhabitants of the occupied land in the West Bank and the Gaza Strip, in accordance with certain specifications defined by the regulations.

But why were these regulations passed at this particular time, after the announcement of the signing of the peace accord between Lebanon and Israel?

Did the Jordanian government pass these regulations in response to Israeli regulations, which it viewed as dangerous to the West Bank and to itself? Or were they unrelated to the latest Israeli regulations--not a rash act or reflex action--yet not a steady or studied policy?

The Jordanian statement has explained that these regulations were the result of Israeli settlement policy, on the one hand, and the implementation of the Israeli plan to vacate the West Bank and Gaza Strip of their Palestinian populations, on the other...But this scheme is old and known, and Israel is proceeding with it by building settlements on the West Bank which the American administration has failed to halt or even freeze.

It is said Jordan acted because present conditions in the Arab World have given Israel a free hand to carry out its designs on the West Bank while Israel proceeds with this plan, the Arabs are content with exchanging insults and widening rifts between themselves. The Israeli scheme is clear and includes the West Bank and Jordan. Two operations are being carried simultaneously out on the West Bank: the building of settlements, on the one hand, and the emigration of inhabitants, on the other, in a slow and patient fashion with no local or international commotion. The forced emigration directly affects Jordan, in the framework of what Sharon constantly repeats that Jordan is Palestine. Jordan cannot see any Arab or international action aimed at countering that Israeli design. That is how King Husayn responded favorably to entering into negotiations with Israel, based on the American initiative, with a Palestinian mandate. But when the Palestinians, under the leadership of the Palestine Liberation Organization, rejected it, Jordan was left facing the Israeli threat, exemplified in the Sharon plan, which was adopted by Begin and compelled to undertake immediate and firm steps. The forced emigration of Palestinians to Jordan means a change of population on both banks, inevitably leading to an increased number of Palestinians in Jordan well beyond its absorptive capacity, according to Crown Prince Hasan in a recent statement he made in America.

Last month Israel raised the level of forced emigration. Jordanian sources confirm that the forced emigration operation is no longer limited to the crossing points of the King Husayn and Prince Muhammad bridges, but across Lebanon and Egypt as well. The Israeli escalation is evident in a statement issued by the Israeli military governor on the West Bank, and which contained new regulations--most notably that Israel shall expel any Palestinian demonstrating against it or posing a security risk.

It should be noted that this is the first time in the history of expulsions that regulations apply not only to Palestinian leaders but to common citizens as well...It appears from the Jordanian analysis that Israel does not just threaten but is acting according to a plan. In other words, the occupation authorities on the West Bank and the Gaza Strip, do not aim at containing the opposition, but at escalating the forced emigration. Information and analysis of it indicate that Israel will itself create demonstrations and encourage them in order to expel as many people as it wishes. This is verified by a study presented by Israeli planner, Meron Ben Veniste, on the future of the West Bank. The study deals with the issue of the land's independence and West Bank demographics in particular.

According to the study: "There was a continuous emigration from the West Bank, except in 1969 and 1973. The number of people who emigrated between 1948 and 1980 was about 100,000, or approximately half the normal increase in 1980." The study also said that in 1980 it will be possible to eliminate 83 percent of the normal increase through emigration."...

It is obvious from this simple operation's conclusive analysis in the Israeli officials' calculations that Israel is attempting during this stage to increase the number of permanent emigres from the West Bank in particular, whereby it equals the rate of normal population increase in the number of Palestinian inhabitants. By so doing, Israel can solve the basic problem facing it, which is the increased number of Palestininas, who by the year 2000 will equal the Jews in Israel...This operation does not require lengthy thought for one to ask where those emigres will end up settling...In the absence of a solution to the West Bank problem, or rather the Palestinians problem, Jordan remains the only place eligible for a change in population and its resultant policies. Israelis see this change as a "substitute homeland" for the Arabs' "number one cause." Whereas, Jordan asserts that it refuses to move away from one leak in order to stand "comfortably" under a spout.

12325

CSO: 4404/431

## ESTABLISHMENT OF FIRST ARAB CIVIL AVIATION UNIVERSITY ANNOUNCED

London AL-MAJALLAH in Arabic No 173, 4-10 Jan 83 pp 45, 46

[Article: "After the Queen 'Aliya International Airport"]

[Text] It came as no surprise that the Jordanian government began planning for the construction of an international airport in Jordan in the mid-1970's. 'Amman's old airport, which was detached from the Jordanian capital, when it was built by the British as a small military airfield, has become part of "Amman's northern suburb, flanked by residential buildings, now that the city has expanded and stretched out. But the noise created by the landings and takeoffs over the capital, and the noticeable congestion in the small terminal building, following the increase in air travel in the past two decades, were not the only reasons Jordanian officials were forced to consider building a new airport far from the capital. The old airport no longer meets the ambitions of 'Alia, the Royal Jordanian Airline, to expand and to stimulate the flow of tourism, commerce and funds into the country. 'Alia's chairman of the board, Mr 'Ali Ghandur, believes it is still possible to stimulate tourism, which brought in 160 million Jordanian dinars last year and represented 6 percent of the total national income, through expansion of the airline's activities and the addition of new lines to areas previously not serviced by it. Since Jordan is poor in natural resources, the old airport can no longer meet its needs for economic expansion, the drawing of capital and the marketing of the primary Jordanian commodity: skilled manpower. Economic planners saw in Jordan's geographic location, in the heart of the Arab world, a feature worth exploiting, to stimulate commercial activity in the country. Crown Prince Hasan went so far as to consider developing Jordan into becoming a "Middle Eastern Hong Kong." Was the decision to build a new airport a step in that direction? Mr 'Ali Ghandur replied: "Jordan has the distinction of a central geographic location in the Arab world. It has benefitted from a moderate climate and internal stability for sometime. It also overflows with scientific and university-level capabilities and skilled manpower. It is, therefore, suited as an important commercial and business center, as well as a center for communication and transportation for the Arab Middle East. In order to achieve this goal, Jordan needs capabilities, mainly advanced means of communication and transportation. We certainly needed a new

airport after creating an air fleet that extended to all the Arab capitals, Europe, the United States, the Far and Middle East, to facilitate the movement of businessmen and tourists. That is why I don't doubt the new airport will accomplish this Jordanian goal."

#### Two Historic Days

King Husayn inaugurated the new airport in the historic Jiza area, 35 kilometers from the capital, on the anniversary of Jordan's independence and armed forces day, on 25 May. He dedicated "Queen 'Aliya International Airport'. Its construction lasted 5 years and it cost 100 million Jordanian dinars. It is capable of handling the largest and most modern aircraft on its two parallel runways. The length of each is 3,660 meters, with a width of 60 meters. But before examining Queen 'Aliya International Airport, we asked Mr 'Ali Ghandur what would become of the old airport and whether it would be converted by contractors into a residential suburb. He said: "No. King Husayn promised the Arab Aviation Council to transform that airport into a center for the Arab Aviation Academy, which will eventually become the Arab Aviation University. It will become an organization capable of meeting the Arab countries' needs in the field of aviation and will train students from all Arab countries in various technical and administrative aviation areas. The Arab Aviation Council has already decided on that. The Arab Aviation Academy was established according to a decision made by the council and recorded by the Arab League, selecting 'Amman as the location for the academy. 'Amman's old airport serves as the academy's headquarters. Furthermore, "Arab Wings," the company utilizing small jets to service business executives in the region, will fly from that airport. In any event, it will remain as a backup to the new airport, enabling civilian planes to land there during emergencies when Queen 'Aliya International Airport is not operational."

The road to Queen 'Aliya International Airport is wide. It consists of two passenger terminal buildings with a ground area for each of 31,000 square meters; a building for a shipping, measuring 17,000 square meters; a storage building measuring 15,000 square meters, capable of catering 10,000-12,000 meals a day to airplanes; and, a maintenance hangar which was awarded the best prize for architectural design for any such building in the world. The airport's design as a comprehensive unit is considered one of the most modern in the world. Its facilities were designed according to "IATA" and "ITO" regulations and specifications. It features spacious halls containing a large tax free shopping area. In order to speed up customs and security procedures, it will have the red and green marked exits that exist in major western airports, whereby a passenger who has nothing to declare can depart immediately through the green gate, without being held up for a luggage check. Security officers will also rely on computers to facilitate procedures. The airport complex will include a 315 room, first class hotel owned and operated by the 'Alia company."

We asked Mr Ghandur whether the construction of a hotel at the airport would mean 'Alia was competing with the major transit airports in the Middle East, particularly in Bahrain. He said: "There is ample room for more than one airport in the Middle East to handle transit traffic between Europe and the Far East. In the past Beirut airport was practically the only facility providing this service. Following the events in Lebanon, Bahrain airport took over the major role in the field. 'Amman's old airport took on part of that role, but its facilities were inadequate. Queen 'Aliya International Airport will enable us to expand this service, because Jordanian authorities plan to treat transit travelers in a special way, by providing many facilities for them and not requiring them to obtain entry visas. We, therefore, hope Queen 'Aliya International Airport becomes a staging point, or a lively passageway, for transit activity between east and west.

#### A New Step

Mr Ghandur hopes the new airport will draw new international airlines, to enable the 'Alia company to extend its network to previously untapped locations of the world. The company plans to expand next spring by initiating three weekly flights to Los Angeles, two to Chicago and one to Houston. The company currently provides only one daily trip to New York. It will also expand to South America, by extending the two lines currently linking 'Amman with Lagos in Nigeria and Abidjan on the Ivory Coast, with Rio de Janeiro in Brazil. There are also plans to expand to Singapore and South Korea in the Far East. On the Arab front, Mr 'Ali Ghandur hopes to expand the new airport's maintenance operations, particularly airplane engines and bodies, to meet Jordan's obligation, stated in the "Arab Consortium" agreement which includes the Saudi and Kuwaiti airlines, 'Alia and Middle East Airlines of Lebanon, and which divides the maintenance services among them." Ghandur also said: "'Alia's raison d'Etre is constant growth to meet the Arab's needs to extend bridges between himself and the world, and to support commercial and developmental exchange."

Despite the availability of able technicians in Jordan to administer the new airport and 'Alia, the country still needs some foreign expertise, as is the case in other developing countries. Of a total 320 pilots working for 'Alia, there are only 56 foreigners. As for maintenance and flight engineers, the percentage of Jordanians is 95. Mr Ghandur believes that self-sufficiency in this field is relative, in view of the ongoing technological progress in aviation--where even the most advanced industrial countries continue to rely on foreign expertise.

The economic advantage reaped by Jordan from the Queen 'Alia International Airport will transform the country into an important commercial center for the Middle East region, by drawing international companies to establish major and regional offices there, according to Mr Ghandur.

This will have a direct economic effect on Jordan, as it will encourage the hotel and restaurant business, as well as methods of communication and transportation. The new airport will also facilitate and encourage touristic marketing, and will increase Jordan's revenue from transit activity and commerce. We have learned from Mr 'Ali Ghandur that Queen "Aliya International Airport will be used for civilian aviation and will not be utilized by military aircraft as was the case with 'Amman's old airport.

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CSO: 4404/431

## DEALERS ATTEMPT TO RESOLVE AL-MANAKH STOCK EXCHANGE CRISIS

Jiddah SAUDI BUSINESS & ARAB ECONOMIC REPORT in English No 11, 2 Jul 83  
pp 30-32

[Article by Louise Denver]

[Text]

The latest move in Kuwait's Al Manakh stock exchange crisis is to bring together dealers to work out a solution to the year-old crash that has rocked the commercial world throughout the Gulf.

Kuwait's Prime Minister and Crown Prince Sheikh Saad al-Abdullah al-Salem al-Sabah recently said that the Souk al-Manakh crisis would remain unresolved unless the dealers themselves work out a solution. So a six-man committee from Kuwait's Chamber of Commerce and Industry, in association with the Arbitration Panel and Clearing House Co., is in the process of contacting the dealers.

The Kuwaiti government estimates that between 100 and 200 dealers will go into bankruptcy when net positions are clarified by the share settlement trust fund. These are the smaller dealers with creditor claims of not more than \$6 million. Until now, the big dealers, those owed more than \$6 million, were left by the government to make their own settlements. But because the two groups of large and small traders could not in reality be separated, the government's carefully worked out "mopping up" operation began to stagnate.

The government's plan was devised to avoid bankruptcies, although its \$1 billion rescue fund for small investors was conditional on the debtor being bankrupt. Even if creditors knew how

much they were owed, they had no way of knowing how much they were going to receive. Under normal bankruptcy procedures, when a man is declared bankrupt, those who owe him money are required to pay at once to the trustee. This led to the prospect of an avalanche of consequential defaults. As a result, paralysis ensued.

The government had to step in again and empower an official body to assess not only the defaulter's assets, but the debts owed him, and distribute to the creditors the assessed value of those assets before realization.

These distributions would be in government bonds, not cash, in the same way as the government pledged itself to support the claims of the smaller creditors of up to \$6 million. In theory, provided the initial valuations are realistic, the operation should be self-supporting when assets finally are realized.

Thus three months ago, the way was opened for those assessed by the clearing committee as hopeless defaulters to declare formal bankruptcy without causing an avalanche. However, these measures again only supported the smaller traders. The Kuwaiti daily *Al Qabas* illustrated the case of one leading dealer who owes around \$4.9 billion and is owed in turn \$2.7 billion, giving him a book deficit of \$2.5 billion. But

with assets and cash worth around \$1.2 billion, his true deficit is \$1.3 billion.

The only way this dealer could pay off his debts would be to get the cash owed him and pay his creditors at a reduced rate of 50 percent. Such a payoff on huge amounts is not acceptable to the creditors — they want their money in full. The alternative is for the dealer to be declared bankrupt. However, if that were to happen, then under the present system, with the cutoff set at \$6 million, the creditors would get none of their money because their own financial assets are too substantial.

The situation is further soured by the recently emerging fact that the bigger operators of the Souk al Manakh also played the post-dated check game in property deals. There are already defaults on these. And unless they are brought under the same settlement system as that devised for share dealings, the big dealers could become bankrupt under one system but not under both, or bankrupt under both but with different debtors and creditors being dealt with under different sets of rules.

The ramifications of the stock market crash are affecting both the commercial and business sectors, with notably few exceptions. Financial sources in Kuwait estimate Kuwaiti banks will suffer losses of up to \$682 million, resulting from loans given at interest rates of 20 percent to bankrupt dealers and a cut in the dinar value of post-dated checks by the proposed 50 percent. Few of Kuwait's commercial banks kept clean of the crisis. Although their articles do not allow them to deal in shares, the credit they extended to their customers obviously was used to play the market at its giddy heights.

Even so, the seven Kuwaiti banks did not record a bad year in 1982. It was not as good as 1981, but nevertheless, their aggregate profits grew 34 percent, total assets 18.1 percent, deposits 21 percent and shareholders funds nearly 14 percent, after discounting the new

capital raised by rights issued during the year. These figures are somewhat deceptive because Kuwaiti banks customarily declare profits as a single figure after all expenses, charges and provisions, so it is impossible to tell what provisions have been made against bad debts and what profits were taken straight to hidden reserves.

On the liability side, customer deposits are not distinguished from inter-bank borrowing, nor are foreign currency assets distinguished from Kuwait dinar holdings. To get a clearer idea of the real asset/liability balance sheets, the central bank's latest figures show deposit rates still at least five percentage points below their peaks of mid-1982. Despite all the government efforts to deal with the stock market crisis, including the purchase of some \$1.7 billion worth of shares by the end of last year, depositing dinar-denominated funds to the value of \$1.02 billion directly with local banks and the establishment of the \$1.7 billion rescue fund and two government-controlled investment companies, Kuwaiti money supply aggregates show continued distortion.

April's M-1 money supply figures — cash in circulation and sight deposits in banks — at \$4.3 billion were still down by 15.8 percent over the same time last year. M-1 had improved, however, by 0.6 percent over March, the first sign of life in M-1 since the second half of 1982. M-2 growth, which includes private time deposits, had shrunk from 40 percent at the end of 1981 to 7.5 percent by the end of last year. There was no revival in this indicator in the first two months of 1983, and central bank figures for April reported that M-2 in fact fell 1.1 percent from March, to just under \$10 billion. M-3, which includes government deposits, was also down by 0.6 percent, to around \$18 billion. Whatever the actual amounts, the present lack of growth and the outstanding \$19 billion worth of post-dated checks are taking a severe toll.

While international investors are buying shares on the London Stock

Market at unheard of prices, the Kuwait Investment Office (KIO) has gone against the trend and sold many of its stakes in British companies. KIO is estimated to have had a total of \$105 billion under management spread over many markets. On the London market, KIO was thought to have had as much as \$6 billion invested at its most active point. And from stakes of 5 percent or more in 28 British companies, KIO has sold some or all of its shares in 21 of them. Such reports leave little doubt that the pressures on the public sector cash flow are greater than have been publicly admitted. Moreover, declining oil revenues will limit the ability of the government to act as a major stimulus to the economy as it has in the past.

Banks are predicting lower growth for 1983, and the state's "austerity" budget expects to record a deficit of \$600 million this year, following a deficit of \$2.5 million last year. But, according to John Hollis, former adviser to the Kuwait stock exchange and presently a consultant to the EuroKuwait Investment Co., the government still

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**Further deterioration in Kuwait's economy appears to have been halted and new measures are being tried to speed up payment to investors.**

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will not allow any public company to fold up, even if the alternative is outright acquisition by the public sector or back-door nationalization through share purchases in the market.

The same cannot be said for private investors, whether individual or corporate. Many companies this year have found it necessary to write off a substantial proportion of their assets, showing them as "notes payable" or "post-dated checks." The most striking case of a listed company whose accounts have been received is that of Kuwait Cinemas,

where the provision wipes out the entire profit for the year, which was wholly derived from share trading. In this company's case, post-dated checks account for 99 percent of current assets and 33 percent of total assets. The firm is financed by short-term borrowings to double the shareholders funds; assets are simply property. But the firm has been prevented by the authorities from developing or diversifying any of its prime sites. Consequently, it has nothing to fall back on.

Similarly, Kuwait property companies also show great chunks of short-term borrowing and lending on their books, divided roughly into money owed on share sales and that receivable from deferred real estate sales. It is therefore likely that the government land purchase program will have to come into play to support property prices as defaulters' estates are wound up. Prices, particularly in the residential plots sector, towards which much of the speculative investments were directed, are down by around 35 percent. The decline in the commercial sector, which so far has not rallied, is around 20 percent, as investors await the results of their claims.

As far as the Gulf countries or private companies are concerned, some of them might be encouraged to amalgamate their assets and re-emerge as publicly held Kuwaiti companies. The offshore companies, backed to a large extent by Kuwaiti money but registered outside Kuwait, may well be left to go to the wall. As for the three major Kuwaiti investment companies, known as the three "K's," their involvement in the local market appears to have been relatively small. However, many of the private investment companies have suffered huge write-offs.

On the broader social front, it appears that the old Kuwait merchant families, both those of indigenous origin and those from Iran, have kept relatively clear of involvement in the debacle. As the situation slowly unwinds, they will be in a position to snap up the assets of

the defaulters and ultimately reverse the long-term trend towards a wider distribution of the national wealth.

So, although further deterioration in Kuwait's economy appears to have been halted, new measures are being tried in an effort to speed up payment of settlements to the major investors. If an agreement is reached through the special committee presently sitting with the large dealers, allowing funds to move again and filter into the productive sectors of the economy, then the government hopes to shift into "post Souk Al-Manakh" gear.

Various regulatory measures are expected to be introduced to encourage the private sector to participate in some of the projects undertaken by the public sector. This should help reduce some of the burden on the government budget, which plans to increase expenditure by 4 percent to \$12 billion during the 1983-84 fiscal year, which started July 2. The risk is that after suffering such severe burns, the government could try to over-regulate the market and stifle investment rather than encourage it. ◇

CSO: 4400/432

ISLAMIC COUNCIL STATEMENT ON 15 JULY INCIDENT

NC161435 Beirut Domestic Service in Arabic 1400 GMT 16 Jul 83

[Text] In an important statement issued today, the higher Islamic Shi-ite Council called for full support of the Lebanese Army and the legitimate authority so that they can face the plans against Lebanon in general, and the south in particular, during these fateful circumstances. The statement said that the Higher Islamic Shi-ite Council emphasizes its adherence to its principles--primarily the unity of the Lebanese people, territory, and establishments. It is determined to make the utmost efforts and to pool all resources in order to enhance the idea of a just state and the formation of national establishments, particularly the army, and to give total support to the state so that it can extend its authority and sovereignty.

The council insists on national principles and asserts that the issue of the evacuees is a national one linked with the essence of the state's structure and the unity of the citizens. This issue needs to be tackled at the highest national level. Every evacuee must be returned to his home, village, or city, after removing all obstacles and facilitating the evacuees' return.

The Higher Islamic Shi-ite Council formed a committee headed by Ja'fari Mufti Shaykh 'Abd al-Amir Qabalan and comprised of deputies Husayn al-Husayni, 'Abd al-Latif az-Zayn, Mahmud 'Ammar, and Muhammad Yusuf Baydon, to follow up contacts concerning this issue and to prevent the use of the issue of the evacuees in a way other than within a sound framework.

CSO: 4400/431

## ISLAMIC COUNCIL SUPPORTS GOVERNMENT, AL-WAZZAN

NC161845 Beirut Domestic Service in Arabic 1630 GMT 16 Jul 83

[Text] The Islamic Council met today under the chairmanship of lawyer Muhammad as-Shaili, its deputy chairman. The statement issued after the meeting said that the Islamic Council, which is following up with concern the development of events in the Lebanese arena, asserts that this arena is rife with attempts to foil the efforts being made within the framework of the salvation march. These attempts are represented by political stands opposed to the efforts being made to end the Israeli occupation and plans to frustrate the existing solutions without offering any alternatives. These attempts are also represented by confrontations with the army in more than one area and by the attempt to assassinate the prime minister. All of these attempts are aimed at returning the country to a whirlpool of tragedies.

The Islamic Council believes that the acts to confront the legitimate government and its authority have created an atmosphere that raises questions and fears in the homeland, particularly among Islamic circles. The Council expressed its surprise at the mixing of the evacuees' tragedies and the issues of the occupiers, which resulted in the confrontation with the army. This seems to be aimed at making the people here and there believe that this state will not be able to establish its authority.

The Islamic Council statement concludes by drawing attention to the fact that this situation can no longer tolerate any miscalculations or erroneous practices. It urges everyone to rise to their national responsibilities, because the plot from both inside and outside is continuing, as are the attempts to fragment and partition the country. These attempts can only be confronted by the unity and cohesion of the Lebanese people, and by the government's awareness that this unity can only be established on the basis of justice and equality and by eliminating the feelings of fear and injustice. The Council expressed its support for the government and called on the prime minister to make more sacrifices and to continue to shoulder the responsibility of ruling.

CSO: 4400/431

ARMY DENIES JOINT COMMITTEES WITH AMAL

JN151927 Paris Radio Monte Carlo in Arabic 1900 GMT 15 Jul 83

{Text} A spokesman of the Lebanese Army has stated that reports disseminated by certain sources in Beirut about the formation of joint committees between the Lebanese Army and the Amal movement are baseless. It is to be recalled that the Amal movement has called for a peaceful strike in all parts of Lebanon tomorrow, Saturday.

On another level, Amir Faysal Arslan, one of the Druze leaders, has declared that President Amin al-Jumayyil had informed him that the Lebanese Army would not take sides with one Lebanese group or faction against another. The president asserted to him that the army, whose role is to establish justice among the people, belongs to all the Lebanese people and that it was imperative to open a new chapter in brotherly relations among the Lebanese people and forget the past. Amir Arslan added that the citizens in the mountain want any solution that would preserve security there.

CSO: 4400/431

## BRIEFS

WADI ABU JAMIL INCIDENT--Housing and Cooperatives Minister Baha' ad-Din al-Bisat stated today that, according to information he has from various sources, the Wadi abu Jamil incident is not related to the evacuation of residential buildings occupied by evacuees, but to the evacuation of a school that is being exploited by individuals for personal gain. Minister al-Bisat expressed surprise at attempts to involve the government's policy toward the evacuees in what happened. He said that the government policy with regard to illegal squatters is to start finding temporary solutions for them until permanent solutions can be found. This is done before buildings are evacuated or demolished. It is a clear policy that is being implemented within an integrated program to find solutions to the housing problem from a social and humanitarian standpoint. [Text] [Beirut Domestic Service in Arabic 1130 GMT 16 Jul 83]

CSO: 4400/431

TURKISH DELEGATION DISCUSSES JOINT INVESTMENT PROJECTS

Doha AL-RAYAH in Arabic 7 May 83 p 2

[Text] Mr Muhammad Yazar, president of the union of chambers of commerce, industry, and commercial markets in Turkey, affirmed that there were great possibilities for commercial relations between Qatar and Turkey to grow and expand.

Mr Yazar said that during the visit of the Turkish commercial mission under his direction to Qatar last week an agreement had been completed to study the possibility of undertaking a number of joint investment projects in both countries. The conclusion of joint agreements for technological cooperation in some fields was examined.

The Turkish official added in his statement published by the weekly newspaper ASWAQ AL-KHALIJ [GULF MARKETS] issued in Doha the day before yesterday that an agreement was also concluded to give an invitation to a delegation which would represent the Qatar Chamber of Commerce to undertake a corresponding visit to Turkey with the aim of making greater possibilities for cooperation between the two countries.

Mr Yazar pointed in closing to the industrial development programs in Qatar and the state's efforts to promote industrialization, saying that these efforts will have a marked effect on the development and reinforcement of the economy of Qatar.

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CSO: 4404/401

# FRENCH HOUSING MINISTER EXPLORES COOPERATION FOR CITY PLANNING

Doha AL-RAYAH in Arabic 4 May 83 p 2

[Text] Mr Roger Quilliot, the French minister of urban affairs and housing, began his visit to Doha yesterday by meeting with his excellency Mr 'Ali ibn Ahmad al-Ansari, minister of labor and social affairs, and then with his excellency Mr Khalid ibn 'Abdallah al-'Atiyah, minister of public works. The French minister had already looked at the works being undertaken by the two ministries, besides reviewing the mutual relations existing between the two countries and the possibilities for increased cooperation between them in the fields and programs of housing.

Yesterday morning Mr 'Ali ibn Ahmad al-Ansari, minister of labor and social affairs, met in his ministry office with Mr Roger Quilliot, the French minister of urban affairs and housing, who is currently visiting Doha.

Mr Henri Biyaux, the French ambassador to Qatar, Mr. 'Abd-al-Rahman Sa'd al-Dirham, director of the public housing office in the ministry of labor and social affairs, Eng Muhammad Sayf al-Kawari, public housing engineer at the ministry of public works attended this meeting.

At the start of the meeting, the minister of labor and social affairs greeted the French minister reaffirming the depth of the mutual relations existing between the two friendly states. He said he hoped that their mutual cooperation would include the area of housing so that they could benefit from French experience.

At this meeting his excellency 'Ali ibn Ahmad al-Ansari presented a survey of the Qatar experience with public housing services, and the possibilities that the state of Qatar offers its citizens for complete care of their needs in this area.

Likewise the French minister presented an account of the French experience in the areas of housing, urban planning and construction, and expressed his country's readiness to bring about greater cooperation between the two countries in the fields of housing and urban planning and construction and an exchange of information and experiences.

Afterwards his excellency Mr. Khalid ibn 'Abdallah al-'Atiyah, minister of public works, met Mr Roger Quilliot and his accompanying delegation in his office at the ministry.

Attending this meeting were Mr Henri Biyaux, French ambassador in Doha, Eng Khalid Salman al-Khatir, director of engineering services office, Eng 'Abdallah al-Hammadi, chief of the public housing division, Muhammad Sayf al-Kawari, an engineer in the division, and a number of other officials in the ministry.

The discussion during the meeting revolved around housing subjects in general and public housing in particular. The minister of public works reviewed for his quest the great efforts the state has put into these matters. He also went over with him the new plans that the ministry has prepared for this housing, pointing out the ample amount of safe public housing that is suitable and available to the citizens of Qatar.

For his part the French urban affairs and housing minister showed his keen interest in these plans and the efforts put in by the ministry to achieve them.

His excellency Mr 'Ali ibn Ahmad al-Ansari, minister of labor and social affairs, gave a luncheon in honor of Mr Roger Quilliot, the French minister of urban affairs and housing.

The luncheon which was given at the Sheraton hotel was attended by Mr Khalid ibn 'Abdallah al-'Atiyah, minister of public works, Mr Henri Biyaux, the French ambassador in Doha, and senior officials in the two ministries of labor and social affairs and public works.

That evening the French minister and his delegation visited the Qatar National Museum where he expressed his pleasure in the museum and its holdings.

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CSO: 4404/401

SUPPLY OFFICIAL DISCUSSES PRICING, AVAILABILITY OF GOODS

Doha AL-RAYAH in Arabic 1, 3 May 83

[Interview with Mr Muhammad al-Suwaydi, by 'Izzat 'Abd al-Mun'im deputy director general of the Supply Office; date and place not given]

[1 May 83 p 5]

[Text] In a discussion with Mr Muhammad al-Suwaydi, deputy director general of the supply office, he affirmed that the state is fixing the prices of principal supply commodities in order to provide them to Qatari citizens and newcomers at prices within reach of everyone. The state is giving a subsidy worth tens of millions of riyals in order to achieve this aim and to provide these goods throughout the year without any tie-ups.

He said that this subsidy shall be given to the citizens by ration cards to be given them. He indicated that citizens' complaints of the merchants who are authorized to distribute these goods have not arisen. These cards are being distributed through the cooperative unions.

[Question] What is the role of the supply office in providing the citizens' needs for the supply commodities?

[Answer] The office plays a large and important role in filling the citizens' needs for the principal supply goods at a price that conforms with all classes of the public. To counter the continuous rise in prices occurring in the world market we are fixing the prices of supply commodities as is appropriate to the means of Qatar's citizens and newcomers so it can guarantee that they can get these goods at a reasonable price and at any time throughout the year.

[Question] What are the means through which the supply needs will be distributed to the people?

[Answer] That will be through the first department, the ration cards department and the second, pertaining to companies, factories, and firms, so that any citizen who presents a passport can prove the number of members of his family, his servants, or family dependents, he then presents this to the ration cards department at the supply office which gives him the ration

card that set down the amounts of commodities to which he is entitled each month. This will be carried out for Qatari citizens and for either Arab or foreign residents. Everyone equally enjoys these rights to get ration cards and the allotments specified for each individual.

As for the department for companies, firms, and factories one of their agents shall bring an official registry from the district office which will confirm the number of employees working for each firm who are supplied with meals. Then this district office will disburse each month a supplies quota that will suffice their employees' needs and which the state is subsidizing. This includes a quota of 10 kilos of rice per person per month, three kilos of sugar, two and a half pounds of shortening, a (darzam) of milk, and likewise quotas of oil, corn, and coffee.

[Question] The state gives a yearly subsidy for these goods that amounts to tens of millions of riyals. That aims to preserve the price and we are working to continue to keep them firm. If a change occurs in them then it is always a drop in prices and never a rise so that the prices of supplied goods have actually seen a decline in the past two years.

[Question] What are the means you are using to distribute these goods to the consumer?

[Answer] These goods are given to the consumer through sanctioned dealers situated in all parts of Doha as well as outside. These merchants who are given the citizens' quotas are required to have sufficient storage space and that they be situated in different parts of residential concentrations.

[3 May 83 p 5]

[Text] In this part of our discussion Mr Muhammad al-Suwaydi, deputy director general of the supply office, speaks about the causes that make tie-ups and shortages of some supply goods occur.

Also he points out the grounds through which these goods are imported from abroad and whether there has been a trend to add and include new supply commodities. He also talks about whether the number of distributors is currently sufficient to respond to consumption needs and about the plans his office intends to carry out this year.

[Question] What are the reasons that sometimes cause some commodities and foodstuffs to disappear from the market?

[Answer] The shortages and tie-ups which sometimes occur differ from commodity to commodity. They occur fundamentally because of a disequilibrium between supply and demand. So that when there is too much demand the merchant raises the price and profits from the circumstances.

These shortages differ also depending if they are locally obtained goods or goods imported from abroad. The reasons causing a shortage of goods might

be due to factors which may include a shipping delay or other reasons, consequently an insufficient amount of goods is offered for sale. For example, a commodity like flour which was not included in our basic work, but last year there was a tie-up in the flour market so we contacted the appropriate agencies and imported some quantities of flour to help the milling and refined-flour company meet the shortfall and actually confront the tie-up.

[Question] What are your plans that you intend to launch this year?

[Answer] Our program for this year includes the continued provision of supply commodities and goods to the citizens in sufficient amounts at a suitable price. There is no plan to include or add any new supply commodity items.

This year we want to build some new modern warehouses which would be more certain of keeping goods safer and sounder. We also need to confront and solve the problem of the difficulty of storing two different types of items in the same warehouse.

[Question] On what grounds do you decide to import the supply commodities?

[Answer] We import these goods from a limited number of countries. Take rice for example; two kinds are imported from both Pakistan and the U.S. Sugar is always imported from France. The importing countries choose the basis of a great number of conditions as we like, and likewise the appropriate prices. I believe that we are not in need of opening new import markets.

[Question] Will you be thinking of increasing the number of distributors of supply goods to make it easier for the consumer to get his needs?

[Answer] I do not believe that there is a need currently to increase the number of distributors. Within Doha these distributors cover every area of residential concentrations and in the distant areas and outlying areas there are ample distributors now in al-Khawr, al-Shamal, al-Jamiliyah covering the needs of all these areas in addition to the cooperatives. Through this network the state-supplied goods are distributed to the largest number of consumers.

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CSO: 4404/401

## SAUDI ARABIA

### COMMUNIST PARTY OFFICIAL DISCUSSES DOMESTIC ISSUES

Nicosia AL-HURRIYAH in Arabic 29 May 83 pp 20-21

[Interview with Saudi Communist Party leaders: "Internal Conditions in Saudi Arabia; Fahd Monopolizes Power, Intensifies Suppression; Prince 'Abdallah Is Less Strict Current, Seeks to Absorb Internal Wrath by Alleviating Suppression"; date not specified]

[Text] Is there a power struggle in Saudi Arabia and what are prospects for development of the country's national movement? AL-HURRIYAH addressed these and other questions to a leader of the Saudi Communist Party during his stopover in the Cypriot capital and conducted with him this brief review of internal Saudi conditions.

Why 'Ali al-Sha'ir Instead of 'Abduh Yamani?

[Question] The recent campaign of arrests and the reports circulated about the uncovering of an abortive coup--what is the truth regarding these reports and what is the background of the current political situation?

[Answer] Practically, the arrests started at least a year ago and involved numerous engineers, workers and writers and a considerable number of people working in the Saudi press, including reporters for the newspapers AL-JAZIRAH, AL-YAWM and AL-BILAD because their articles dealt with internal problems.

It is well known that in his first speech after assuming power, King Fadh addressed a special warning to writers and journalists who refer in one way or another to the regime's internal troubles.

Even though Muhammad 'Abduh Yamani, the former Saudi minister of information, had denied the uncovering of an abortive coup, the matter has become well known to the Saudi man in the street and has been coupled with a large-scale campaign of arrests. In any case, the former minister is called the "minister of denial" because his task throughout the period of his control of the Ministry of Information never went beyond "denying" all reports concerning arrests or the regime's internal and external policies.

It seems that the new and strict mentality of the ruling regime found in the person of Minister Yamani a man incapable of suppressing the voices of the national opposition journalists, and so he was replaced by a stronger man, namely, Minister Ali Hasan al-Sha'ir, who was the regime's ambassador to Lebanon and who had previously served as military attache in the same embassy. In any case, al-Sha'ir is a military man and not an information man. In other words, his presence at the head of the ministry means further control and centralization of the role of the media and greater strictness inside the government agencies. Al-Sha'ir is well known for his historical and traditional animosity toward the Saudi national movement.

In fact, there is in the regime one strict faction and another relatively less strict faction. But both are essentially no different. The less strict faction calls for giving some relative liberties with the aim of absorbing the wrath and reaction of broad sectors of the Saudi masses.

Within this framework, Prince 'Abdallah ibn 'Abd-al-'Aziz can be considered representative of this [less strict] faction, that is if we consider, figuratively speaking, that there are relative differences within the ruling family. These are no more than relative differences over style and do not at all involve essentials. The head of the ruling regime now fully controls the reins of government in a manner different from that of the previous rulers, and he gives the others no chance. This problem may perhaps be one of the aspects of the internal struggle.

The other general characteristic of Saudi society is that it is still a tribal society, though some limited developments have occurred in social areas as a result of the nature of the existing economic system. These developments are confined to a considerable disintegration in the social relations that had been prevalent. Thus, (some regimes) dig their graves with their own hands.

#### Saudi Arabia Is Weapons Arsenal

[Question] It is noted that a large part of the new general budget has been allocated for defense purposes, with a large increase over the previous budget. What, in your view, are the reasons?

[Answer] Allocations for the military and security sectors collectively total 75.559 billion riyals out of the total general budget, which amounts to 260 billion Saudi riyals.

This increase in budget allocations for the military and security sector gives the impression that Saudi Arabia is living in a state of war. But the question is: With whom? Our country is essentially a major weapons arsenal and it is following in the footsteps of the shah of Iran in his final years when he devoted himself to being a U.S. policeman in the area. We now have AWAC's but Saudi Arabia has no control over them and over their information. The striking of the Iraqi nuclear reactor is still in the minds of everyone. In our country, aircraft and military equipment are being stored and Washington is providing numerous military facilities. The purpose, of course, is to

prepare Saudi Arabia at more than one level to play an increasingly major role in Washington's strategy for the Middle East and the Arab Gulf, relying fundamentally on Saudi Arabia's financial capabilities, which are used when necessary as a means of pressure on this or that regime.

Saudi Arabia, for example, supports the Lebanese-Israeli agreement. It may not declare its position but it applies numerous pressures for acceptance of this agreement and for a new Camp David deal with Jordan at the expense of the Palestinian people's rights and their sole legitimate representative, the PLO.

At the same time, our country is hostage to the Pentagon. We have more than 60,000 Americans and Westerners as experts, half of them military and the other half in civilian clothes, in addition to 100,000 workers from South Korea. These are actually military men in Saudi Arabia as workers. However, they are reserve U.S. forces who live in special camps under the supervision of U.S. officers and who carry out their usual drills before and after the civilian jobs to which they are appointed. Therefore, it is not surprising for Saudi Arabia to spend such sums on armaments as long as the regime considers the national liberation movement in the Arab Peninsula generally as its archenemy. Where is the external danger threatening the regime?

Party Name Approved by National Congress

[Question] Don't you think that if a change or modification is introduced into the Saudi Communist Party's name it could help to create a better background or climate for action, especially since with this obvious name the party signifies a lot to the Saudi citizen because of ideological influences that are hostile to the fundamental progressive thought?

[Answer] Before 1975, there was the National Liberation Front, which had emanated in turn from the National Reform Front founded in 1956.

In 1958, the name was changed to the National Liberation Front. In 1969, a draft program and a constitution were drawn up for the front and then the congress was held in 1975. In this congress, the delegates approved changing the name to the Saudi Communist Party.

[Question] But is this the result of an intrinsic desire to adhere to a principled position or did the circumstances lead to this change?

[Answer] We believe that the intrinsic circumstances matured and led to the name change. Moreover, we don't wish to operate under two slogans. Whoever wishes to join the party should know that he is joining the Saudi Communist Party and not some other party.

[Question] What are the features of this maturity?

[Answer] First, the government has been attacking all progressive forces as communist forces, especially during the existence of the Liberation Front.

Second, all Saudi nationalists know that the front was the communists' party and not a grouping of various national forces. Since the name was changed, the course of events and the constant suppression have proven the soundness of this [conviction]. At the popular level, I don't think that the party's popularity has been affected as a result of our declaring our national and ideological identity. We don't want our ranks to include persons who have accepted membership hypocritically. We have a clear and specific program that contains our demands and goals. Moreover, the issue of attracting nationalists to join the ranks is generally the task of popular organizations. Our party was founded basically among the ranks of Saudi toilers.

[Question] Assuming that the name Saudi Arabia did not exist or was changed in one way or another, then what can we call this area with its present borders: the Arab Peninsula people, for example?

[Answer] The Arab Peninsula people include all the area's peoples. That name is out of the question now. However, should changes develop in the existing political situation, I believe such changes will affect the neighboring countries and then it would be a different story.

#### Foreign Workers' Situation

[Question] On the labor front, it is well known that a large number of Arab and foreign workers are employed in various capacities in Saudi Arabia and are subjected to various pressures. Does your party have specific directions regarding the foreign labor force and its economic and social problems?

[Answer] The largest [foreign] community in the country is the Yemeni, which comprises more than 5 million workers; the number of workers generally is 2 million [figures as published]. It is certain that the foreign workers live under difficult conditions, whether in terms of housing, exploitation by business owners or exploitation by the companies that bring them in with attractive contracts; after they arrive they are faced with injustice, even insofar as work hours are concerned. There are unions that defend the interests of all workers, be they Saudi or non-Saudi.

Certainly, some issues are at times beyond the control of the unions. The unions may not be able to move on some problems for objective reasons. However, the situation and the movement are better than in the past as a result of increased awareness among the workers and their understanding of their interests.

[Question] What, in accordance with the laws in force, is the penalty for communists?

[Answer] In accordance with the Ahri's rules, because there are no constitutional laws or civilian courts in our country, the penalty is the amputation of hands and feet or banishment from the country. Insofar as amputation is concerned, the right hand is cut off with the left foot or vice versa.

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CSO: 4404/391

AFGHAN REBELS REPORTEDLY DESTROY SEVERAL SOVIET AIRCRAFT

Tehran KAYHAN INTERNATIONAL in English 26 Jun 83 p 1

[Text] Tehran, June 25 (Dispatches)--The Afghan Mujahideen in a lightening missile attack recently on the Soviet air base of Shindand, West Afghanistan, destroyed several Soviet aircraft.

Reports reaching here said the Afghan Mujahideen penetrated the Soviet air base on June 6 through a Soviet patrol unit and after accomplishing their mission returned safely to their base.

The Shindand air base is one of the major Soviet air bases where the largest Soviet air unit is stationed.

Meanwhile the Afghan Mujahideen a few days ago managed to kill the committee party secretary of the 4th division of Herat Province, taking a number of weapons as booty.

Also the Afghan Mujahideen Friday in a successful guerrilla attack on a police station in West Herat, while disarming the staff killed or wounded some of them and took captive several others.

Fighting was still continuing between the Afghan Mujahideen and government forces, in a region in West Herat, the report added.

Soviet-Afghan Troops Suffer Heavy Losses

Fifteen tanks, personnel carriers and vehicles were destroyed and a number of Soviet and Afghan government troops were killed or wounded in an encounter between the Afghan Mujahideen in the province of Badgis and Herat last week.

In this attack a truckload of soap, two sugar laden trucks along with a number of light armaments, and two communication units fell into the hands of the Mujahideen.

Nine of the Afghan Mujahideen were martyred and a few others injured in this encounter.

Meanwhile, Afghan Mujahideen destroyed a military vehicle of the Soviet invaders and killed its occupants. They also executed a spy for the Afghan

intelligence agency, Khad, during operations in the Herat region last week.

According to reliable sources, during these operations the Mujahideen also killed one of the military personnel as well as a high ranking officer and his two bodyguards of the newly established Garvision institute, which is affiliated with the Afghan air force. In this clash, four kalashnikovs and one colt were seized by the Mujahideen.

Meanwhile in Geneva, United Nations special Envoy Diego Cordovez Friday reported progress at talks with Afghanistan and Pakistan to find a political solution to the Afghan crisis.

"We have made progress, we continue to move forward," he told journalists. He said there would be no need for another round of talks in Geneva.

The talks aim at the withdrawal of an estimated 105,000 Soviet troops from Afghanistan and the return of some 4.5 million Afghan refugees now in Pakistan and Iran.

Asked how much of a draft agreement had been completed, he said: "The agreement will be ready when a number of things happen."

Other issues covered are an end to outside interference in internal Afghan affairs and international guarantees against any future interference.

Cordovez, who went to Islamabad, Kabul and Tehran earlier this year, said he would resume his subtle diplomacy at a date to be fixed.

CSO: 4600/739

## CPI-M POLITBUREAU MEMBER ON RELATIONS WITH CPSU

Calcutta THE STATESMAN in English 23 May 83 p 7

[Excerpts] New Delhi, May 22--A senior member of the CPI(M) Politburo Mr. M. Basavapunneiah, said here today that it was for the Communist Party of the Soviet Union to decide on the question of establishing formal fraternal relations with his party.

Mr Basavapunneiah said: "Our party stands for the unity of the international Communist movement and we have been striving hard towards that objective" Therefore, as he put it, "the ball is in the CPSU's court"

Mr Basavapunneiah was the third member, besides Mr. E. M. S. Namboodiripad and Mr Harikishan Singh Surieet, of the CPI(M) delegation which returned from Beijing on Thursday after restoring fraternal relations with the Communist Party of China, suspended since 1967.

The Marxist Communist leader pointed that "An international ruling Communist party of a country having the largest population in the world has not re-established fraternal relations with a dominant Communist party in India which is equally big in size and population"

He also said that Communist parties in the world, both ruling and in the Opposition, seems to have recognized that despite sharp differences among them on many international issues, they could strive for, and achieve, world Communist unity, without compromising on their individual positions. Each Communist party should have the inherent right to criticize other Communist parties, but their different formulations on international issues should not stand in the way of world Communist unity in the background of complexities in the international situation which was also fast changing, he said.

Mr Basavapunnaiah pointed out that both the CPSU and the CPC had stopped calling each other names. Significantly the CPC had also stopped day-to-day campaigning against the CPSU, characterizing the latter as "social imperialists and revisionists". Instead, the CPC now used a mild word "hegemonist" for the Soviet Communist Party, he said.

Mr Basavapunnaiah said the restoration of fraternal relations between the CPC and the CPI(M) was preceded by similar recognition of party-to-party relations by the CPC and the Communist parties in France and Italy. Therefore, he said,

the restoration of fraternal relations with the CPC meant to his party, "a positive advance in its struggles towards world Communist unity."

PTI adds: In an interview in Ahmedabad, the all-India Communist Party general secretary, Mr S. A. Dange, has said "the imperialists in the world are again trying to divide India and have chosen the Khallstan movement in the north near the Pakistani border and Assam in the extreme east."

Stressing that the danger must be fought seriously, the Communist leaders said: "Earlier the same forces tried with success the division of the country with the formation of Pakistan (in west and east borders)". Assam, he said, was yet to be consolidated in an organized way. The assimilation of the various races had not been completed as yet.

Mr Dange suggested the reorganization of states, keeping in view the "irritating" issues including those exploited by reactionary elements to get over the situation. Asked whether the rise of regional parties was inevitable, he said that if the all India parties shaped their policies in consistency with the aspirations of the various regions, regional parties would not crop up.

CSO: 4600/1217

## ANALYST REPORTS PRC ENVOY'S TALKS AT FOREIGN MINISTRY

Madras THE HINDU in English 29 May 83 p 1

[Article by G. K. Reddy]

[Text] New Delhi, May 28--The Chinese Ambassador, Mr. Shen Jian, has had fairly extensive talks at the External Affairs Ministry on various aspects of Sino-Indian relations before leaving for Beijing on his annual trip for consultation combined with a brief vacation.

But he made no mention at all of the border problem, while voicing his satisfaction with the progressive improvement of relations in other spheres, although he felt that the pace of normalisation could be stepped up to mutual advantage.

A seasoned diplomat known for his subtlety and sophistication in conversation, the Chinese envoy made a very casual reference in the course of one of his discussions to the next round of official-level talks but only to sense whether the Indian side had anything to say on the subject. Otherwise, the border question was not brought up at all as an outstanding issue that had to be got out of the way to complete the process of normalisation.

The Government of India did not feel called upon at this stage to indicate its thinking on the timing of the next round of official-level talks, since it was China's turn to suggest suitable dates, according to the convention hitherto followed by the two sides. As host to the last round held in Beijing, China was entitled to propose a tentative date for the next round in Delhi, subject to mutual convenience.

An interesting feature of present-day Chinese diplomacy is the keen interest that Beijing is taking in the politics of the Third World and the aspirations of the Non-Aligned Movement. The Chinese Ambassador, therefore, wanted to know how the big powers including the Soviet Union were responding to the NAM summit plea for heads of Government gathering at the U.N. during the next General Assembly session.

But as one of the countries that took part in the North-South summit at Cancun, China is not in any way seeking to link the presence of its Prime Minister in New York in September with the participation of other prominent world leaders in the proposed global conclave at the U.N. It has no

reservations at all in casting its lot with the Third World community, although China is not a member of the NAM.

The Chinese envoy gave the impression, during these wide-ranging discussions on the even of his annual trip to Beijing for consultations, that China would like to keep the tempo of normalisation of relations in other spheres, despite the lack of any progress in the talks on the border problem. It is customary for an Ambassador going home for consultations to have such discussions to ascertain from the host country whether there is anything in particular that it would like to be conveyed to his Government.

It is an equally well established practice for an envoy returning from such consultations to call on senior officials dealing with bilateral relations to give a general idea of his Government's thinking on issues of mutual interest. And the Indian side will be interested to know whether the Chinese Ambassador has anything new to say on his return to Delhi from his visit to Beijing.

CSO: 4600/1235

## PRC SAID TO MAKE INROADS INTO INDIAN EXPORT MARKETS

New Delhi PATRIOT in English 30 May 83 p 7

[Text] Calcutta, May 29 (PTI)—Facilitated by its 'most favoured nation' status, the Peoples' Republic of China has made considerable inroads into India's export markets for engineering goods in the US according to the Engineering Export Promotion Council.

This challenge coming from a comparatively new entrant to the market calls for special efforts on the part of exporters here to hold their ground in these markets, says the Council.

Offering identical items supplied by India, China's progress, in the field has been 'phenomenal'—her gains have resulted in a loss to this country, it adds.

In respect to industrial machinery and parts while Indian exports have declined by four million dollars, those of China have risen by 25 million dollars it says adding in 1980-81 exports of nails and screws from India fell by four million dollars because of countervailing duty on fasteners. Against this Chinese exports had risen by eight million dollars.

In fact, the Council says China's export of this item now is 10 times more than that of India.

The goods in which China has improved her exports substantially between 1980 and 1981 include, manufactures of metal products, metal working machinery, industrial machinery and parts, nails, screws and other fasteners of base metal, chains of iron and steel and cast iron articles.

Now that the countervailing duty has been removed, the Council suggests that Indian exporters should plan to attack this market in a systematic way and strive to retrieve the lost ground quickly, beside drawing up future programmes to further improve the performance.

Other areas where the Chinese have made progress of note is in supply of hand tools. Indeed Indian exports of this item continue to be more than that of China but the total earnings have dropped by one million dollars.

At the same time, the Council says, Chinese exports of the item have looked up by three million dollars. In almost all sub-categories barring files and raps, the Indian share has fallen while that of China has increased it adds.

China has also been successful in exporting hammers and sledges--items in which Indian exports have been virtually nil. The progress that country is making in respect to supplying vise should also receive the attention of Indian exporters, the Council says.

CSO: 4600/1238

# FINANCE MINISTER'S JAPAN VISIT SUCCESSFUL

Bombay THE TIMES OF INDIA in English 21 May 83 p 1

[Article by Harvey Stockwin]

[Text] Tokyo, May 20--The finance minister, Mr. Pranab Mukherjee, left here tonight for New Delhi after a hectic three-day visit satisfied that "there are good prospects for better Indo-Japanese relations."

The last day of his visit began with an informed press conference over breakfast with leading foreign correspondents based in Japan, at which the minister outlined India's economic progress and problems and answered numerous questions.

Later in the morning, he met the foreign minister, Mr. Shintaro Abe, with whom he afterwards had lunch.

After that, Mr Mukherjee gave an interview to the national NHK television network. It will be telecast during the peak morning listening hours some time next week, it is learnt.

The last engagement of the tour was with the fifth cabinet minister seen by Mr. Mukherjee--the director-general of the economic planning agency, Mr. Jon Shiozeki.

## North-South Problems

According to Japanese foreign ministry sources, the wider problems of the third world were again discussed at the meeting with Mr. Abe. The latter stressed the importance he attached to North-South problems. He said Japan saw the need for the promotion of North-South dialogue and indicated that he himself intended attending the forthcoming UNCTAD VI conference. This was in response to Mr. Mukherjee's plea that Japan should play a leading role in the UNCTAD forum.

Mr. Abe's remarks tie in with the recent emphasis played by the prime minister, Mr. Yasuhiro Nakasone, on the problems of the developing countries. Clearly, it has added to the rapport established by the minister's visit.

"We do feel", Mr. Mukherjee told the foreign correspondents, "that they (problems of the third world) were appreciated in yesterday's statement by Mr. Nakasone, and that his views reflect points to which India has sought a favourable reaction."

In the last two days particularly, a lot of technical bilateral issues have obviously been broached with Japanese ministers--such as GSP preferences for Indian exports to Japan, future institutional arrangements for technology transfers between the two countries and the irritating need for foreign bank guarantees, where Japanese suppliers' credit is concerned.

On yen credit for India, and aid issues which concern India--such as the seventh replenishment of the IDA--Mr. Mukherjee has thanked his Japanese hosts for past and present Japanese assistance to New Delhi and he remains confident that these efforts will continue on and increased scale.

On the one hand, discussions between the secretary, economic affairs, Mr. M. Nerasimhan, and his counterpart here with regard to the June meeting of the India Consortium have been proceeding this week. On the other, Mr. Mukherjee's stance is probably sagacious, given the fact that the Japanese have grown somewhat tired of the more demanding tones that some nearby countries have adopted in their aid dealings with Japan.

More important perhaps, in terms of the overall Indo-Japanese relationship, is the fact Mr. Mukherjee was able to leave here tonight feeling, as he told this correspondent, that "there is increasing interest in India in Japan and there is a growing appreciation of India's needs."

The Indian finance minister has taken the opportunity to occasionally remind his Japanese hosts that India and Japan share many common values.

A small news item appearing in the Japanese newspapers on the final day of his visit helpfully underlined this very point. It announced that Indians had won four of the six top prizes in a competition here which revolved around the shared value of the freedom of the press.

The Indian success came through the medium of the famous Foreign Correspondents Club of Japan which sponsored an Asia-wide essay contest among journalists on the topic, "The challenges and opportunities journalism offers in my country."

The winner was an Indian journalist, T. N. Gopakumar, who works for the "Mathrubhumi" daily in Kerala and who won the prize of 5,000,000 yen. The second prize was won by a Malaysian Indian, Miss S. Umadevi, on the "Business Times" in Kuala Lumpur.

Nirmal Mitra of the "Onlooker" in Bombay won the fourth prize, and Miss Sudha Hariharan of "The Economic Times" in India was sixth. The third and fifth prizes were won by Chinese contestants from "The Straits Times" in Singapore. Thus the distribution of prizes pointedly underlined the fact that, in all the many nations which lie between Japanese and Indian democracy, journalism offers little opportunity and even less challenge.

## ANALYST ON FOREIGN MISSIONS' INFORMATION GATHERING

Madras THE HINDU in English 29 May 83 p 2

[Article by G. K. Reddy]

[Text] New Delhi has come to be regarded as one of the major world capitals because of India's growing international importance. A good many countries post very senior ambassadors to head their diplomatic missions here. There are 96 embassies in New Delhi, while ambassadors of another 10 countries stationed in other capitals are concurrently accredited to India and pay periodic visits to keep contact with the Government. In addition, 16 U.N. and other international agencies, besides honorary consulates of six countries, with no full-fledged diplomatic representation in India are located in New Delhi.

#### Immunities

The rights and privileges, including immunities from civil or criminal jurisdiction, of various categories of personnel of these diplomatic missions are prescribed under the Vienna Convention of 1961, but difficulties continue to arise over the application of its provisions. There are countries like India which take a liberal view and give the benefit of doubt to offending diplomats to avoid unpleasant controversies, but some governments tend to interpret the provisions rather rigidly leading to unpleasant situations.

It is not easy to enforce the rules of conduct with imagination and forbearance in dealing with a diplomatic community of over 5,000 persons including wives and children who are entitled to different degrees of privileges. There are some diplomats who are inclined to take too many liberties and engage in undiplomatic activities which come in for adverse notice.

A host country like India tries to rely to a large extent on the cooperation of the heads of missions themselves to ensure compliance of the regulations by their subordinate staff, but there are occasions when it has to perform the unpleasant duty of expelling some of them for various violations.

#### Global community

The break up of the old colonial empires has led to the emergency of over 150 sovereign nations, ranging from big countries like India to postage stamp

sizes. According to a rough estimate, there are now over 12,000 diplomatic missions the world over of varying strength with some of the major ones manned by as many as a thousand persons and many of the smaller ones by less than a dozen and in a few cases even one or two men.

There is now a global diplomatic community of not less than 2,000,000 persons who are entitled to immunities and privileges of one kind or another, making it extremely difficult for the host countries to regulate them.

The staff of an embassy consists of the head of the mission, whether is an ambassador or high commissioner, and other senior officers with diplomatic status, the ministerial staff and local employees performing minor functions. An ambassador and his suite, as it is called, consisting of himself, his wife and children and personal servants, are entitled to full diplomatic immunity as a matter of right.

The other diplomatic officers have similar rights but their family members are traditionally extended this courtesy only as a goodwill gesture, while the ministerial staff are fully protected from prosecution for any infractions during the course of their duty, if it is established that they did not deliberately indulge in them.

#### Differing interpretations

But all these rights and privileges are open to differing interpretations. An ambassador's immunity from civil or criminal prosecution does not mean that he can repudiate with impunity, his financial commitments to a landlord or supplier when disputes arise over possession of a premises or fulfillment of a contractual obligation.

Similarly, no member of an embassy staff can be permitted to violate consciously local laws outside his diplomatic jurisdiction. The ultimate sanction a host country can always invoke in such cases is to declare publicly that the offending diplomat is a persona non grata or privately advise the embassy concerned to withdraw him. It is this reserve power that serves as an effective deterrent against any diplomat taking undue liberties and engaging in objectionable activities that do not form part of his legitimate diplomatic functions.

#### Right of inspection

A diplomatic pouch or bag, for example, cannot be opened for inspection in any circumstances even when it is reasonable doubt that it is being misused for other purposes. Similarly, the local authorities cannot enter a diplomatic premises whatever the compelling reasons, even if it be for the protection of the embassy staff itself, without the approval of the ambassador in each case.

But the personal baggage of a diplomat can be opened and inspected by the customs, in the presence of representatives of the External Affairs Ministry and the embassy concerned. In cases of suspected smuggling of contraband goods or illegal import of arms. This right of inspection is invoked often

and the offending diplomats are asked to leave the country if it is established that they have been indulging in such economic offences.

A more serious view is taken when diplomats exceed the legitimate limits of gathering information about the country's politics and policies, achievements and failures, and engage in sub rosa activities bordering on interference in its internal affairs to foment trouble or impair its interests. There can be no objection in a free society like India to foreign diplomats maintaining contact with leaders of political parties and others in public life, so long as no attempt is made to influence their opinions and oblige them to act in a manner that is detrimental to the country's welfare.

It is difficult to maintain a proper distinction between interference and involvement, collection of information and resort to subversion, propagation of a point of view and attempt to manipulate events. The diplomats are expected to keep their eyes and ears open, watching the developments closely from their ringside seats, but they are not entitled to take sides or exert pressures.

The big powers have their own ways of applying the screw on weaker nations to condition their reflexes and control their responses to suit their own requirements. The frictions start building up only when crude attempts are made to subvert a country's political system or compel it to behave like a client State.

#### Ham-handed approach

It is this ham-handed approach that infuriates the developing societies, making many of them mistake such crudities of diplomatic conduct for diabolical conspiracies to destabilise them. The feeling of insecurity bred by these fears of subversion compel the leaders of hard-pressed regimes suspect a sinister foreign hand behind anything that goes wrong and use it as an alibi for explaining away their own inadequacies in coping with the rising expectations of their own peoples.

It is, no doubt, a fact of life that, when a country is weak or divided, foreign powers are bound to take undue advantage to tighten their grip on it. The victims of such dominance have to blame themselves more often for creating situations through neglect and incompetence to let other countries indulge in brazen interferences.

#### Paranoiac impulse

But in facing these dangers it is equally wrong to keep on crying wolf and blaming all and sundry for one's own failures. It is necessary to keep a watchful eye on the activities of all diplomatic missions, without succumbing to the paranoiac impulse of imagining every embassy to be a nest of spies bent on undermining the country's independence.

There is need for a proper distinction between the acceptable activities of a diplomatic mission in taking a keen interest in the country's politics and

objectionable attempts to weaken in through subversion. It is the job of every diplomatic mission, whether it is in India or elsewhere, to gather as much information as possible about the country's strong and weak points through all normal channels open to it, so long as it does not engage in clandestine activities amounting to espionage.

The Government of India has a fairly extensive intelligence network to keep a constant watch on the activities of all diplomatic missions here. It has been able to track down over the years about 200 diplomats belonging to both the power blocs engaged in undesirable activities of one kind or the other and get most of them expelled or withdrawn from the country without too many people knowing about it.

The cases of those involved in smuggling get publicised but others accused of more serious violations are sent out quietly without the missions concerned protesting too much against their expulsion.

A major gap in the Indian security system is that it gets caught up at times in the psychological warfare of disinformation carried on by rival intelligence organisations of big powers operating everywhere. It is not altogether inconceivable that a diplomat expelled for espionage might have succeeded in hoodwinking the Indian authorities by diverting their attention from the much more serious activities of their accomplices.

But fortunately for India it has no great military or industrial secrets to be ferreted out by other powers since they supply both the technology and equipment. The NATO does not have to find out from India about the performance of the Soviet-supplied T-72 tanks, missile boats or MIG-27s, nor has Moscow to depend on this country to know more about the Jaguars or Mirage-2000s.

In the industrial field too, the borrowed technology in use in India is generally quite old and in the process of replacement in the countries of its origin.

There is no indigenous weaponry or technology that attracts foreign attention, other than what is available from published reports. It is basically the political establishment that is vulnerable to foreign influence, including flow of money which continues despite the stringent laws against it.

The foreign diplomatic missions do take undue interest in the happenings in the country, but in trying to curb their undesirable activities the Government must not make the mistake of exaggerating them. This is a cat and mouse game in which, as Machiavelli put it, the prince must be able to play the fox and the lion, for the lion cannot protect himself from the wolves. The Government has mastered over the years the art of combining firmness with flexibility although it has overreacted on some occasions.

In any case, no matter to what uses it is put, modern diplomacy has become a high risk profession. The life of a present-day diplomat, with all the trappings of comfort and ostentation is no longer a bed of roses, since it is

extremely hazardous in these days of undeclared wars, revolutions, coups and terrorism. Gone are the days when a big power could despatch its gunboats or troops on punitive missions to avenge the humiliation of its diplomats.

The French occupied Algeria and stayed on for 130 years after the Bey of Algiers hit their arrogant plenipotentiary with a fly swat, when he spoke insultingly about the plight of his compatriots who landed on the North African coast mistaking it for America. The mighty U.S. has not been able to do anything when its diplomats were killed, kidnapped or held hostage and its chanceries are attacked, occupied or burnt down.

The pocket dictators these days can get away with many things, because as victims of big power intimidation they evoke worldwide sympathy even when they are otherwise guilty of outrageous behaviour at times. The banana republics too, are no more utterly at the mercy of the big powers in this game of diplomat-bashing and mounting terrorism. It is only countries like India with well established traditions that have to put up with constant interferences without resorting to any retaliation.

CSO: 4600/1235

REPORT ON GANDHI 22 MAY SPEECH IN JAMMU

New Delhi PATRIOT in English 23 May 83 pp 1, 7

[Text] Jammu, May 22 (PTI, UNI)--Prime Minister Indira Gandhi today expressed herself positively against the Jammu and Kashmir resettlement act and said it would be "disastrous" for India to allow people now living in the occupied Kashmir to cross over to this side.

The Prime Minister, who addressed over a dozen meetings in Poonch, Rajouri, Nowshera and Jammu districts on the second leg of her election tour of the State, however, had no objection in making exception in 'genuine cases'.

She was happy that Chief Minister Farooq Abdullah had agreed to refer the issue to Supreme Court.

Despite heavy rains, her meetings drew huge crowds.

The Prime Minister, during the course of her speeches, criticised 'unholy alliance' between the BJP and the National Conference and the propaganda that her Government wanted to abrogate Article 370 of the Constitution giving special status to the State. The provision would continue as long as people wanted it, she asserted.

Mrs Gandhi said she was all the more surprised over it because it was the BJP which wanted to scrap Article 370.

On the Punjab tangle, she said her Government was making allout efforts to solve it. She felt some 'foreign forces' were behind the present agitation, and accused certain people within the country also of not being interested in finding solution. Her Government was keen to reach an accord with the Akalis, she declared.

On Assam agitation, the Prime Minister said her Government was trying to diffuse the situation and solve the problems it had inherited from the Janata Party which let things adrift.

Rebutting the charge that the Government was responsible for the Assam massacre the Prime Minister regretted that certain Opposition parties and a handful of persons were trying to fan trouble in the name of language or religion.

The Government in the Jammu and Kashmir had functioned effectively and she had never interfered, she said refuting the charge that she wanted to dominate the State affairs.

Jammu and Kashmir was one of the fortunate States which had received maximum assistance from the Centre, she said refuting Dr Abdullah's charge that funds given to the State were a 'burden'.

Mrs Gandhi wondered whether the Central aid was utilised properly for the welfare of the people of Jammu and Kashmir.

Speaking about successful holding of the recent Non-Aligned Summit the Prime Minister said the unanimous appeal issued by it was widely welcomed. This had given a boost to India's prestige in the international sphere.

#### Dangers

Mrs Gandhi asked the people to maintain the country's unity so that the external as well as internal threats could be effectively faced. India was attacked only when aggressors thought that the country was weak.

The Prime Minister said India did not want war with its neighbours nor it wanted any conflict with far off countries. At the same time, however, India wanted to be strong and united to face any eventuality.

The Prime Minister declared amidst cheers that India wanted to have friendship with all its neighbour but would boldly face an attack by any country.

CSO: 4600/1219

## GANDHI SPEAKS AT INAUGURATION OF WATER SUPPLY PROJECT

Madras THE HINDU in English 26 May 83 p 1

[Text] Madras, May 25—The Prime Minister, Mrs. Indira Gandhi, said today that the Centre wanted each State to be strong and self-reliant, but at the same time imbued with the spirit of unity.

Inaugurating the work on the Krishna water supply project for Madras, Mrs. Gandhi appealed to the people not to regard themselves as belonging to one State or another, but citizens of India, united by a common bond of making the country self-reliant, strong and great.

The Prime Minister as also the Chief Ministers, who participated in the function, hailed the project as a symbol of mutual understanding and cooperation between two States and hoped that this spirit would help solve other inter-State problems, including the Cauvery waters issue.

Mrs. Gandhi congratulated the Chief Ministers of Andhra Pradesh and Tamil Nadu on coming to an agreement for taking up the Krishna water scheme which she had announced in 1976. She hoped the scheme would be implemented expeditiously so that it would bring happiness and new life to a large number of people in the two States.

To celebrate this "historic event", as the Tamil Nadu Chief Minister, Mr. M. G. Ramachandran put it, the entire city wore a festive look and flags and festoons adorned the 15-km route from Meenambakkam airport to Nehru Stadium, in Park Town, which was the venue of the inaugural function. All along the route, the Government, private organisations and political parties had put up welcome arches, 102 in all, to signify that the idea of bringing the Krishna water to Madras conceived by Col. Ellis in 1881 was now taking practical shape.

The Nehru Stadium itself received a facelift to match the glitter of Anna Salai and the GST Road, befitting the historic occasion. A large gathering of people, who had assembled on the stadium grounds, lustily cheered the Prime Minister, the Governor and the Chief Ministers of Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu as they arrived at the special rostrum put up on the terrace of the stadium buildings. A clear sky and a cool wind blowing across the stadium made it a pleasant evening.

Mrs. Gandhi formally inaugurated the work on the scheme by pressing a button to unveil a tablet and an illuminated geographical model of the Telugu Ganga project. She also handed over to the A. P. Chief Minister, Mr. N. T. Rama Rao, a cheque for Rs. 30 crores, representing the first instalment of the Tamil Nadu's share of the project cost.

#### Linking all rivers

Mrs Gandhi said it had long been her dream that the country's rivers be linked to take water to parched lands and open up new ways of transport. She conceded that programmes to supply water to villages, had not covered the whole of the country. In years of good rainfall people did not feel the lack of water so much, but this year and the year before severe drought had hit not only Tamil Nadu and Andhra Pradesh but almost three fourths of the country. The task was to save human lives as also cattle and other animals.

Mrs. Gandhi said self-reliance had been the country's policy, and progress had been achieved in agriculture and irrigation, "But we still remain very dependent on rainfall". She hoped satellites like Rohini would provide quick and more complete information about the monsoon and other aspects of the weather which would be of great help to the planners and farmers. "Even though some of our programmes seem a little removed from the common man they are really linked to the efforts to serve the common man," she said.

The Prime Minister agreed with the Andhra Pradesh Chief Minister that the rulers must be with the people. "In fact, there is no point in being in the Government unless we can serve the people and meet their needs". In a country of India's size and diversity, all programmes were dependent on cooperation among States and between the States and the Centre. The Centre had no territory of its own and the power of implementation of programmes belonged to the States. "They are indeed our limbs and our tools", she said.

The country wanted strength not to dominate over anybody or any other country but to be able to protect itself and solve the problems of its people. "If India is strong, every State and every community will be strong: if India is weakened, no matter how much effort a State makes or the Centre makes, we shall all be weakened".

Mrs. Gandhi said that because of drought and various international economic and other factors, last year and this year had been especially difficult for the Centre financially. Nevertheless, it was trying its best to meet the demands of the States as also to look after the weaker sections of the people as well as of regions in the country. "If we can meet these challenges in a spirit of cooperation and with unity, I have no doubt that we shall be able to overcome our difficulties and emerge much stronger", she said.

Presiding over the function, the Tamil Nadu Governor, Mr. S. L. Khurana, described it as a significant step in inter-State cooperation, vindicating the spirit of amity and goodwill between the States concerned. The Krishna water accord acquired significance, coming close on the heels of the birth centenary of poet Subramania Bharathi, who advocated the linking of all rivers in the country.

The Governor hoped that the long pending Cauvery water issue would also be resolved in a similar spirit of cooperation, accommodation and understanding.

He wanted the Krishna water scheme to be implemented on schedule by continually monitoring the progress of the work. The project should be considered a joint responsibility of the Centre and the State Governments concerned and they should see that all bottlenecks were removed to ensure timely implementation.

CSO: 4600/1229

OPPOSITION PARTY LEADERS ISSUE STATEMENT

Bombay THE TIMES OF INDIA in English 29 May 83 p 1

[Text] Vijayawada, May 28 (PTI)--Leaders of non-Congress(I) governments and parties in an unprecedented conclave today blamed the Centre for the present ills of the country and felt that effective steps should be taken to evolve the concept of federalism and devolution of power.

A statement issued on behalf of the leaders after a seven-hour meeting at the hilltop house guest house, about 26 km. from here, said the process of informal consultations on important issues among the leaders should continue.

After a trenchant attack on the Centre, the statement asked the people to remain vigilant and safeguard national unity and integration at all costs.

The statement said the Centre was encroaching upon the powers of the states contrary to the spirit of the constitution and this should be stopped immediately.

Not Satisfied

Asked what was the action programme decided upon at the conclave, the Andhra Pradesh chief minister replied, "We will continue to meet and consult among ourselves."

He told another questioner, "We are not satisfied with the Centre's attitude and I think we should give it time to consider our views."

Asked whether the leaders thought the Centre would change its views, the superstar-turned-politician, who was taken to saffron attire, replied, "Well, it has to be seen."

Question: If the Centre does not, what do you do?

Mr. Rama Rao: We shall again meet and consult.

After a little pause he referred to the statement issued on behalf of the assembled leaders and said it was "the common policy of the entire opposition."

When his attention was drawn to the Tamil Nadu chief minister, Mr. M. G. Ramachandran's statement last evening that there could be no national alternative to the Congress (I), Mr. Rama Rao said it was Mr. Ramachandran's view, "We shall discuss it."

He told a questioner they would see how to communicate the conclave's views to the Centre, adding "But we have announced it to you (press). There is no secrecy about it".

A little later, he mentioned names of two of the three leaders based in Delhi who might be entrusted with the responsibility of communicating with the Union government.

The meeting, he told another questioner, did not discuss the question of the coming Lok Sabha elections.

The opposition statement said it was felt that the integrity and unity, of the country was threatened today as never before during the last 36 years of the country's existence as a free nation.

These threats emanated mainly from the failure of the ruling party at the Centre to find timely and acceptable solutions to certain urgent problems of the people and of different areas.

It was also noted with deep concern that national unity was also being threatened by fissiparous tendencies, communal and casteist forces as also by some of the ominous pronouncements of the members of the ruling party, including the prime minister.

"It was most irresponsible on the part of the prime minister to blame the present state of affairs on the existence of the opposition itself" said the statement.

Mr. N. T. Rama Rao told the non-Congress (I) leaders in his introductory speech at a closed door meeting, that after three and a half decades of rule by a single party at the Centre, seeds of discontent were sown in different parts of the country. This was because of its poor performance and failure to respond to the basic needs and aspirations of the people.

He said the Congress monopoly of power, once its strength, had now led to its being given with internal factions and becoming callous and indifferent to those who gave that party the power to rule.

Mr. Rama Rao said people in as many as eight states had voted non-Congress parties to power in preference to the Congress (I). This showed that the people wanted to have an alternative to the single party rule.

Describing the meeting as a gathering of "experienced and wise men" Mr. Rama Rao said when dissatisfied people started mass movements the Centre resorted to repression, dismissing such movements as "unjustified acts."

He cited the case of Assam and the recent "forced" assembly elections there as examples of repression and utter disregard "for the principles of democracy."

Mr. Rama Rao said the Centre's attitude to the demands of the people of Punjab was another instance of the failure of the mechanism of settling problems by discussion and debate, which process was a part and parcel of the democratic form of government.

He said the ruling party's stand that regional parties were harmful to progress and would lead to disintegration of the country was totally undemocratic. Diversity, which was an inherent character of our country, was a historical necessity, apart from being a political reality, he said.

Mr. Rama Rao said the Centre was fixing the prices of agricultural commodities at most unremunerative levels and causing hardship to the farmer.

UNI adds:

A mammoth procession, participated by about a lakh of party workers, was taken out through the main thoroughfares of Vijayawada this evening to mark the conclusion of the three-day state-level Telugu Desam convention.

Today is also the 61st birthday of Mr. N. T. Rama Rao, who is affectionately called "Anna" by his party-men.

Sitting on the top of his "prachara radha", the vehicle which he used in his election campaign last January, the saffron-robed Rama Rao acknowledged the greetings of the people who had gathered all along the procession route.

#### Welcome Arches

Huge welcome arches put up at several points in the city, named after eminent Telugu men and depicting the ancient Telugu culture, greeted the processionists. Strings of tiny party flags criss-crossing the road junctions and main thoroughfares and party flags fluttering atop roadside posts, gave a festive look to the city.

Starting from the Prakash Barrage across the Krishna river in old town, the procession wended its way to the "Sathavahana Nagar", in Gunadala on the outskirts of the new town, covering a distance of ten km.

The open session (maha nadu) of the party was later held on the sprawling 30-hectare open grounds, named "Sathavahana Nagar" in Gunadala.

CSO: 4600/1233

## INFLATION RISES ABOVE 10 PERCENT LEVEL

Calcutta THE STATESMAN in English 27 May 83 p 1

[Text] New Delhi, May 26--Double-digit inflation is back. After a period of relative price stability in 1982, both the wholesale price and consumer price indices have spiralled upwards for the past several months with no sign that rise is being checked.

The wholesale index reached the record level of 302.6 in the first week of May, and since this is the official measure of inflation, the annual rate had surpassed 9%. Since then, the wholesale index has continued to rise and the level now is thought to have crossed 10%.

The consumer price index, which takes into account a smaller basket of items but is a surer guide of how inflation affects the common man, had reached the record level of 462 by the end of March 1983 against 423 in March last year. Figures for subsequent months are not available, but the rise has continued and the annual rate measured by this index has also crossed 10%.

Price stability had been the only redeeming feature in the past year when both industrial and agricultural production slumped with renewed inflation; all the economic indications are now bleak.

Barring a negligible drop in the wholesale index in one week last month, the index has continued to rise steadily over the past six months, showing a record rise of 0.8% (or just under 1%) in the week ended May 7. This is the heaviest rise in a single week for more than a year.

The position is being "watched" by the Government, apparently helplessly, since the rise continues relentlessly. Unless reversed, 1983 will end as yet another years of inflation at a relatively high double-digit level although it is unlikely to reach the horrific levels of the early 1970s.

What is alarming is that the wholesale index at the same time last year showed complete price stability. In April 1982, the index actually fell marginally compared to April 1981, rather than climb as it did in April 1983 by an average of more than 0.5% every week.

A Finance Ministry analysis shows that with the exception of the crude and natural gas group which fell by 13% over the past 12 months, all the other groups have risen substantially to contribute to the general rise.

The sharpest rise is shown by food articles, which collectively rose by 13.5%, with cereals registering 14%, rice 18%, wheat 11.7%, Bajra 6.2% and Arbar 19.3%. Fruit and vegetables are more expensive by 20%; milk and milk products by 1.0%; eggs, fish and meat by 11.9%; and tea has registered a rise of a massive 51%. Only condiments and spices have fallen by 3.6% and gram by 8.6%. Among manufactured food products, sugar khandsari and gur are up by 8.2%, edible oils by 10.8%, and general food products by 9%.

CSO: 4600/1231

## BRIEFS

NEW BIHAR DISTRICTS--Ranchi, May 18--Two small districts, Lohardaga and Gumla, were formally inaugurated by Chief Minister Jagannath today, bringing the total number of districts in the State to 38. Speaking on the occasion, Mr Jagannath said these two erstwhile sub-divisions of Ranchi district have been turned into full-fledged districts with a view to tighten up the State Administration. Lohardaga, 75 kms west of Ranchi is one of the smallest districts in the country, having just five blocks under it. The other new district of Gumla includes Gumla and Simdega subdivision and has total of eleven blocks under it. Although the residents are happy that they do not have to go to Ranchi for each small work, the officials there are not so satisfied. [Text] [New Delhi PATRIOT in English 19 May 83 p 4]

INFRASTRUCTURE PANEL CHANGES--New Delhi, May 19 (UNI)--The cabinet committee on infrastructure has been reconstituted by the Prime Minister with the planning minister, Mr. S. B. Chavan, as chairman in place of the finance minister, Mr. Pranab Mukherjee. The other members of the reconstituted committee are the ministers of railways, energy, industry and steel and mines. The committee was set up two years ago to periodically monitor the performance of the core sectors including coal, power, industry, steel and railways. A group of secretaries has been constituted to work out the requirements of plants and equipment for the seventh plan period and beyond in pursuance of the policy of achieving reduction in imports of capital goods for large-scale public sector projects. The group will be headed by the planning secretary, the members of the committee will be secretaries of the departments of heavy industry, power, petroleum, coal, chemicals and fertilisers, mines and defence production, the director-general of technical development, the director-general of the bureau of public enterprises, a representative of the department of expenditure and a member of the railway board in charge of transport. [Text] [Bombay THE TIMES OF INDIA in English 20 May 83 p 21]

CSO: 4600/1208

ASYLUM FOR TUDEH REFUGEES COULD WORSEN SYRIA-IRAN TIES

PM061126 London AL-MAJALLAH in Arabic 4-10 Jun 83 p 8

[From "AL-MAJALLAH correspondents' dispatches"]

[Text] Informed Arab sources have told AL-MAJALLAH that the worsening relations between Iran and the Soviet Union could reflect in one way or another on Iranian-Syrian relations. Moscow has asked Damascus to admit into Syria a number of refugee members of the dissolved Iranian Tudeh Communist Party. This matter was discussed, within the framework of the Syrian National Front, between representatives of the syrian Communist Party Central Committee, the Khalid Bakdash wing—and the ruling Ba'th Party. The Syrian Government granted this request.

The sources say that the Soviet Union recently asked Syria to change its way of dealing with Iran and requested that not a single Soviet weapon reaching Syria should find its way to Iran, "Lest it be examined by elements linked to Western circles." Moscow has also urged Syria to stop Syrian military aid to Iran, including the dispatch of military experts.

The sources note that Syrian media have made almost no mention of Iranian news for over 1 month now.

Relations between Tehran and Damascus deteriorated with the crisis caused when Iranian tourists pulled down pictures of President Hafiz al-Asad and replaced them with pictures of Ayatollah Khomeyni. Arab sources say that Khomeyni told the Syrians that the alliance between the two countries should be reflected in an identity of the two regimes. They add that Damascus considered this interference in Syria's domestic affairs.

According to Western sources, the Soviet Union has asked Syria at the highest level to reopen the Iraqi pipeline which crosses Syrian territory. The closure of the pipeline accentuated Iraq's economic crisis resulting from the war with Iran.

CSO: 4604/25

UN FACT FINDING DELEGATION TO WAR ZONES CRITICIZED

Iran Daily Criticizes Report

GF061802 Tehran IRNA in English 1509 GMT 6 Jul 83

[Text] Tehran, 5 Jul (IRNA)--The morning daily JOMHURI-YE ESLAMI (ISLAMIC REPUBLIC) in a front-page editorial Tuesday reviewed the report of the UN fact finding delegation on its inspection tours to war zones in Iran and Iraq. The leading article, entitled "The Unfinished Mission" wrote:

Following the call by the Islamic Republic of Iran on the United Nations to dispatch a delegation to inspect areas devastated in the course of the Iraqi imposed war a fact-finding delegation including two high-ranking Swedish experts in arms and ammunition, visited ruined residential areas and cities and concluded the mission by preparing a report and presenting it to the UN secretary general;

It seems that the report has been more comprehensive than what is being released as the complete text, but it is [words indistinct] text have been deleted or possibly changed. A proof of this, first of all, is unofficial statements of members of the delegation who, while inspecting devastated areas, said that they would convey whatever they would observe but officials would decide to release what they deemed necessary.

Moreover, the present report includes vague points indicating that either some parts have been deleted or misplaced. Now, with no attention to this ambiguity, we analyse issue pertaining to the report. Since under any circumstances, any observer who inspects the depth of the crimes of the Ba'thist regime of Iraq no matter how much of his observation he is going to convey what would remain the document itself would suffice to disgrace the Baghdad regime. [sentence as received]

Although the report discussed, even very briefly, the open crimes of the Iraqi regime the result of the delegation's inspections is far from what was expected from this team with such a vital mission.

In other words, it is quite natural to expect a delegation which inspected Hoveyzeh, Musian, Khorramshahr and Qasr-e Shirin to fully illustrate the dimension of the crimes committed against these cities as war crimes. The

report should have been prepared in such a way that every reader could at the end realise the extent of the crimes the hostile Baghdad regime has committed against the Islamic Republic and that what happened has not been a casual confrontation.

In some instances, the report is summarised to the extent that the reader will be doubtful whether what he is reading is a report of inspection. This is at a time when the Iraqi loudspeakers are confessing to the crimes of their own regime.

One might say that the United Nations in order to preserve its impartial stance has balanced the report and has eliminated passages which might have been interpreted as supportive of Iran. The answer is that the Iraqi crimes against Iranian cities, most of which are not in border areas, are so extensive that principles of impartiality necessitate in depth reporting, since a cursory report on the case would be obviously in favour of the Iraqi regime.

In spite of its old allegations in the guise military announcements, the Baghdad Government has so far been unable to report one instance of damage caused by the Islamic Republic's offensives against Iraqi residential areas. What has been presented to the UN fact-finding delegation by the Iraqi side, has been damages to single apartment buildings located beside military targets.

What is deplorable is that the UN delegation referred to the debris of the devastated Hoveyzeh, Khorramshahr and Qasr-e Shirin cities in the same manner it referred to these isolated apartment buildings. Is not this a sign of support for the Iraqi regime?

It seems that Baghdad has tried hard to pretend that for the destructions it caused in Iran, there are ruins in Iraq which could be compared with those in Iran.

Even in its present form, the report stands as an open reproof of the policies of the Security Council over the past three years. Since UN and other international organisations have repeatedly dispatched mediating delegations which have all tried to put an end to the war, under circumstances that their proposals aimed at saving the Iraqi regime from an imminent collapse, while ignoring the just demands of the Islamic Republic, with regard to war reparations, and recognition of the aggressor.

But these proposals have never been accepted by the Islamic Republic since they have not met Iran conditions. This is the same effort the United Nations is making to present the Islamic Republic as a country against peace and that is why at the end of the visit of each of these delegations, it has been announced that Iraq is ready for peace but Iran is refusing to accept it. The question is that the war-monger and the aggressor should be punished in the way that the roots of aggression be eradicated in the region forever. In other words, Security Council's forum has always served as a propaganda platform for the aggressive Iraqi regime to prove Iraq's allegations that it was seeking peace.

During the past three years of Iraqi aggression against Iran, the UN has never tried to establish its stance on realities but rather it has been active as a lever of pressure of the superpowers.

Meanwhile, the present report should not be completely rejected since it has positive points in it. Although the report does not include all the dimensions of the Iraqi crimes, if the Security Council judges on the case according to this same report, it should immediately recognise the Iraqi regime as the war criminal and apologise for its previous stances against Muslim ummah of Iran. In this case it would pave the way for an end to the war through the overthrow of Baghdad regime.

The UN's mission has not been finished by preparing this report, in fact it obligates the UN to take a stance on the basis of this report, otherwise its qualification would come under question....

#### Daily Further Criticizes Report

GF061828 Tehran IRNA in English 1636 GMT 6 Jul 83

[Text] Tehran, 6 Jul, (IRNA)—In its Wednesday issue, the morning paper JOMHURI-YE ESLAMI carried another editorial in the continuation of its Tuesday article entitled "Unfinished mission," commenting on the report of the UN fact finding delegation which inspected battle zones both in Iran and Iraq. The editorial said:

Yesterday we pointed out that the UN delegation's report should not be rejected since it included some positive points yet this should not be construed as to mean that its deficiencies, which are many, should be neglected.

The most important aspect of the report is the fact that the extent of the crimes committed by the Iraqi regime during its imposed war on Iran is so vast that even the United Nations report could not have possibly obliterated it.

Even though the delegation has not remained impartial in preparing its report and leaned heavily to support the aggressive Iraqi regime, nonetheless the report is regarded as a winning card for the Islamic Republic.

For instance, the city of Basra which Baghdad's war communique repeatedly alleged that had been under the fire of Iranian far range and heavy artillery, and was in the last of places to be inspected by the UN delegation, was removed from the list for unknown reasons and there was no explanation for this removal even later.

Why this happened, is quite clear. The Iraqi regime, in order to create an atmosphere of hatred among Iraqis against the Islamic combatants, possibly has bombarded Basra with its heavy artillery, destroying parts of it. But since Iranian officials insisted the UN delegation pay a visit to the city and precisely study the accurate angles and directions of the shells, Iraqi

officials therefore deemed it wise to cancel the visit and prevent the release of any report in this respect.

The whole report indicates that the Iraqis failed to present any evidence to the UN fact finding delegation proving major damages allegedly caused by the Iranian forces against residential areas. While on the other hand the delegation, unwillingly, has repeated in its report that reports of Iranian officials were reasonable and precise.

In some cases statements made by the Iraqi officials confirm the policy of the Islamic Republic of Iran and the observation of Islamic ethic by the Iranian forces. For example, the report says in one place, quoting Iraqi sources; that a total of 3,078 artillery shells were fired on Abu al-Khasib city and its military and strategic areas. But, due to accuracy in targetting and observation of Islamic principles that forbids inflicting damages on the Iraqi people, only 650 shells have hit the city which killed a total of six people.

A comparison between the delegation's separate reports on Iran and Iraq, would clearly prove siding of the UN delegation with the Iraqi regime in preparing the report. The delegation has been very precise in compiling its report on Iran and has mentioned only the cases for every individual of which it has found out acceptable reasons.

For instance, when the delegation was asked in Gasr-e Shirin to inspect the impact crater of a shell which was fired at the city by the Iraqi artillery, while the delegation was inspecting it, failing to determine the exact point of the impact, the delegation clearly reflected such a failure in its report. Not only could not this strictly objective adherence to concrete ascertainable data be held against the delegation, but it would rather have commended its procedures, if it had applied the same objective criteria in verifying the Iraqi claims too. For, in Iraq, the delegation shifting its attitude, resorts to wholly subjective speculations. For while the delegation was inspecting in Zurbatiyah, the site of an impact allegedly from Iranian artillery shells, its report explains that since the shell attack palm groves, the delegation could not find the point of impact.

It is more significant that in order to corroborate the claims of Iranian officials, the delegation asks to inspect the craters while in case of the Iraqi claims its response is quite another thing. Is not this a sign of support for the Iraqi regime?

In its report on Iraq, the UN delegation elaborates the details with scrupulous care. In one instance it carefully describes the explosion of a grenade on an abandoned street and how its fragments hit the wall, creating a hole in an iron bar. But this same delegation summarises the crimes of the Iraqi aggressive regime against Hoveyzeh in seven lines although it inevitably confesses that the city is levelled to the ground, adding that even a single tree could not be observed there.

And, this is the same city where the delegation gazed at the debris doubtfully questioning whether there had been a city at all. Their doubt was removed when they noticed shredded pieces of clothes half buried under the rubble together with some belongings of children who might still be buried under the same rubble.

One gets truly shocked to find that the delegation, having left the sites of total devastation in astonishment, should have expressed its impression in seven brief lines, with no reference at all to any criminal act.

The UN delegation has not even sufficed to this and has quoted Iraqis in its official report whenever it has found an opportunity. Somewhere in its official report, the delegation quotes Iraqi officials as saying that Iraqi forces advanced towards Iranian territory and crossed the border in retaliation for Iran's attacks. The United Nations, to reiterate this allegation, has mentioned it twice in its report in order to justify Baghdad's crimes.

However, the extent of Iraqi crimes is so enormous that even the United Nations, cannot conceal the whole reality and for this reason the report, although bearing several weak points, still is another document for Baghdad's disgrace.

Radio Sowt-al-Jamahir [Voice of the Masses] and other pro-Baghdad mass media would cry that Iran has no more words to say since the UN delegation had seen every necessary thing by itself. But after the release of the report, all such propaganda loudspeakers hushed down as if no such a report has ever been published and that the Iraqi regime has not faced a new defeat on revealing its false allegations.

In a glance, the United Nations with such an attitude, proved once again that it was still hesitated to accept the realities. But one wonders if this international body is so diffident as to require nothing short of a catastrophe to sweep away its doubts.

CSO: 4600/747

EMIGRE PAPER: DESPITE FAVORABLE ASPECTS, KHOMEYNI WILL GO

Paris NEHZAT in Persian No 39, 5 May 83 pp 1, 3

[Paris NEHZAT in Persian; bimonthly organ of the Iran National Resistance Movement]

[Text] The trend of Khomeyni's political maneuvers since its birth has indicated that in order to prove its monopolistic power in Iran, it has to eliminate all other political currents except that of the Islamic fundamentalists. In compliance with the rules of this trend, the elimination of the Tudeh Party from the political arena of Iran could be foreseen. In other words, the repetitious television show, starring the secretary general of the Tudeh Party and other notable party figures, which was similar to those staged for the elimination of other political movements, was not an unexpected event. Such eliminations, which are in line with the regime's monopolistic aims, are expressive of Khomeyni's main objective and have been pursued on a chain operational basis which with the elimination of the Tudeh Party and its members is headed toward an end.

Hence, if we are to assume that the objective of crackdowns, tortures and killings is for the regime to become the sole rider in the Iranian political arena and, as such, consolidate its shaky pillars, then the main question that springs to mind is that by adopting such a policy to what extent can the regime be successful in achieving such an objective?

When encountering such a question, we should state that evaluating only the regime's output within the domestic political arena is not sufficient; rather, out of necessity, a similar evaluation must be made also on the international and regional level, so that an answer can be reached that is rational, logical and closer to reality. In this article we will endeavor briefly to review the regime's balance sheet from the two aforesaid viewpoints.

1. In Iran, in our opinion, from the outset and from the viewpoint of the Iranian people, the balance sheet of the clerics' activities has been absolutely negative. No ideologically orientated regime, with due consideration to its nature, can survive without resorting to harsh measures and exerting pressure, and such a survival, without doubt, is temporary. Numerous historical experiences have taught us that preserving power is only possible through conformity and reconciliation with the people. Furthermore, the reliance of the regime on a so-called cultural revolution, through brainwashing children and young adults in order to consolidate their position, has in the long run proven time and again to be an experience in defeat--an experience stamped

by history with the seal of nullification. The dispersion of the United Islamic societies in different caliphate centers, which, on the one hand, has been coupled with harsh measures, and on the other, with the continuity of Islamic ideological education, has been an apparent defeat of ideology by culture.

The failure of Hitler, Stalin, Mao and their ilk, who, in order to establish themselves and melt different cultures in their own ideological melting pots, resorted to oppressive acts, is ample proof of the failure of such an experience.

Within the context of such an evaluation, one cannot help but accept this prediction that "Khomeyni's Red Shi'ism" which has committed itself to training children and young students, can never bear the desired fruit necessary for the continuity and consolidation of this regime; and Khomeyni's desire that the future generation of Iranians will at least have harmonious minds and thoughts akin to the gods of the "Red Shi'ism" cannot be fulfilled. A regime which has declared war on all traditional, cultural and ancient values of Iranian society, to the extent it exerts pressure on such sensitive social centers, will only encounter a stronger reaction.

How can a regime which, in order to fulfill the reactionary objectives of its leader, relies on the meanest and most ignoble groups in society--which are totally devoid of culture and identity to subject a nation to pressure, cruelty and contempt--and which tortures and brutally murders all those not in conformity with its way of thought and convictions, how can such a regime seek the allegiance of 40 million people?

How can a regime which has crystallized all its power in the thoughts and personality of an aged and cruel-hearted leader, which seeks to solve all its internal conflicts through a decree issued by such a criminal, how can such a regime, without him and outside his domain, thought and will, preserve and be consistent for one single moment--a leader who even refrains from taking back 11-year-old children from the enemy and explicitly says "they are not the children of Islam," because in his concept of Islam captivity has no meaning, you must either kill or be killed? A man who expects children to be sent to the altar of battle fronts and over minefields and never to return alive and well, a man whose greatest worldly pleasure is killing human beings, whether they are women, men, or children or youth, can such a man act as the fulcrum of his regime with the nation?

We strongly advocate that the answer to this question is negative. We are of the opinion that the internal conditions of Iran are not only unfavorable for Khomeyni, but that any minute, with the accumulation of the necessary elements and conditions, this temporary situation will explode.

## 2. In the World Political Arena

When analyzing the reason for the advent of the Khomeyni conspiracy, some were of the opinion that the ascending scale of leftist movements in Iran, whose

elimination was only possible through widespread repression, the dissatisfaction of the oil companies with their operations, and the policy of oil prices in the world energy market were the major factors in having a decisive impact on this matter.

If we scrutinize and survey all these explanations through the use of documents presented by those advocating those views, establishing Khomeyni's mission by his masters will be easy. However, such inputs or such assumptions cannot, and should not, act as a criterion for a decisive ruling. For although the activities of Khomeyni's regime on a general scale have been in line with the said theory, the essence of his views, however, contain certain characteristics which, in the long run, cannot be checked; nor can they be of use to the masters of colonialism. In order to clarify this judgment, one cannot refrain from taking into account the populist characteristics of Khomeyni's thoughts and their outcome.

By encountering and grappling hand to hand with all Iranian national, tribal and even religious inclinations, Khomeyni has created a volcanic center, the explosion of which will only be of avail to the political rivals of the West.

Meanwhile, Khomeyni with his slogan of "Unity of Moslems" and especially "support for the oppressed people of the world" has opened a wide front with, intentionally or unintentionally, the United States as its primary target. Years of experience in the cold war between the superpowers have shown that any movement emanating from the streets and the bazaar, irrespective of its aims, will be immediately supported by the rival of the United States as long as the sharp edge of its attacks are directed toward the United States. The invisible hands of this rival will add fuel to the already burning flames to such an extent that the flames will entrap the West, and the outcome of such local wars are governments of the type known as "popular democratic" regimes.

At present, before Khomeyni becomes omnipotent, not only have the countries of the region, like the United Arab Emirates, Saudi Arabia, Jordan, Iraq and Egypt, been contaminated with centers of intrigue, but so have North African countries and countries in Southeast Asia and the Far East. Should these local movements be shaped and equipped with arms, they will become serious trouble-making centers. Such centers, in compliance with Khomeyni's famous slogan, "The United States cannot do a damn thing" and by observing events such as the national values of the United States, and even dishonoring the charred remains of American soldiers during the Tabas incident, which were televised all over the world--not only did such events scar the reputation of the United States, but they also cast doubt on its power within the Third World. Especially since the other superpower, further strengthened such conclusions through propaganda as well as practical and armed support every now and then.

Although there are many who feel the Iran-Iraq war will benefit world imperialism--and they are right in many respects--the continuation of this war, however, provides the other rival with a valuable opportunity to stir probable widespread unrest in the region. This is to such an extent that the continuation of that war can lead to a great loss in the destruction of the West's energy

resources and create an undesirable economic and monetary crisis. Furthermore, the continuity of this war, with due consideration to the unavoidable requirements of hostile parties, i.e. arms, technology and military experts, can provide sufficient ground for "legitimate" interventions, which, in due time, will lead to expansion of the war, as well as serious and dangerous conflicts the future of which, due to loss of control, could totally be unpredictable. These centers of war, contrary to the theory of attrition of the "Iraqi military power for the benefit of Israel," not only will lead to the strengthening of Syria's military by the rival superpower to a very dangerous level, but it can drag the said superpower, on the basis of several military treaties, directly into the war--the remedy for which can only be sought in similar strengthenings and interferences. This is when the world will be faced with a serious peril. If we are to take into consideration the fact that Khomeyni more than anyone persists in the continuation of the war, and refrains from accepting any offers of peace, it is only then that Khomeyni's peril for the world can be perceived.

Such points and many others make it possible for us to agree on the theory of Khomeyni's intolerance in the world arena. As such we are of the opinion that:

Even if Khomeyni concluded tens of commercial agreements with the West and the East, and thus fills the pockets of foreigners;

even if he adopts an unfriendly attitude toward the Soviets and, much to the pleasure of the West's powermongers, disbands the Tudeh Party;

even if he creates dissension in the pricing system of the oil worker and cripples OPEC's power in setting a price and quota for oil producers;

even if he crushes all leftist groups;

even if he halts all development activities in Iran and the expectations of the progress of the Iranian nation, even in spite of all of these, whether he wants it or not, the balance sheet of his activities and actions is negative, and his regime will not survive.

12382

CSO: 4640/218

# ECONOMIC COOPERATION ACCORD SIGNED WITH BULGARIA

Tehran TEHRAN TIMES in English 26 Jun 83 p 2

[Text] Sofia, (IRNA)--After a week of negotiations between the visiting Iranian delegation and Bulgarian officials, an agreement was signed here Friday on matters of railroad, sea, air and land transportation and cooperation for expansion of bilateral trade.

Roads and transportation Minister of the Islamic Republic, Mohammad Hadi Nejad-Husseinian, and his Bulgarian counterpart, Pozanov, both expressed their satisfaction over the agreement.

Pozanov said that the agreement was the foundations for future cooperation.

Meanwhile, the Iranian Minister invited the Bulgarian roads and transportation minister to visit the Islamic Republic.

The Iranian delegation then moved on to Belgrade where they plan to hold economic talks with Yugoslav officials.

Nejad Husseinian, Thursday also visited a railroad-car manufacturing plant here. He also inspected highways and free ways now in use here.

In his meeting with the Bulgarian chairman of the executive committee of the central council of the national agro-industrial union, Alexandru Petkov, the Bulgarian official noted that 49 years after its revolution, Bulgaria has made extraordinary success in the field of agriculture.

Bulgaria currently exports sunflower oil, tobacco, grapes, various fruit juices in bottles and in other forms of containers mainly to the Soviet Union. It exports meat, live sheep, dairy products and cigarettes to the Islamic Republic of Iran.

Meanwhile, Hadi Nejad Husseinian Thursday criticized the peace move made by Saddam Hussein of Iraq and said it was nothing but a cover for the reinforcement of his armed forces.

The minister was speaking while he was discussing the bilateral issues with Bulgarian chairman Grisha Filipov.

Hasseinian complained that the friendly countries condemn the war (Iraqi imposed war) which in turn means the condemnation of Iran also. He said that Iraq should be condemned on its act of attack against Iran.

The Iranian minister said Bulgaria can understand the problems of a country such as Iran which is a young revolutionary country. He said the revolution brings very peculiar problems which other countries hardly can understand.

He said the main reason for the nation's victory over the defunct Shah supported by the Eastern and Western power's was the people's faith in the leadership of Imam Khomeini.

This is the reason, he went on to say, despite all conspiracies of the East and West and also the Iraqi imposed war the Iranian nation could succeed in preserving its revolution during the last four years.

He said the Iranian nation expects that Bulgaria should not remain as an observer in the matter of the imposed war against the oppressed nation. He, however, said that the Iranian nation is quite capable of directly confronting the enemy. But, he said, the enemy is receiving sophisticated weapons from the Superpowers including 9-meter missile from the Soviet Union.

In response, Bulgarian chairman Filipov conveyed the greetings to the leader of the Islamic Republic of Iran, Imam Khomeini. He said that his country believes that the Iranian revolution was a popular. He said that he was aware of the defunct Shah's brutality which could be compared with those of Hitler.

Concerning the Iraqi imposed war against Iran the Iranian minister said the war can end only when the terms of Iran are implemented. He said the imposed peace is worse than the imposed war.

Meanwhile, Majlis deputy from Kuhdasht Abbasi Fard who is accompanied by the Iranian delegation met and conferred with the Bulgarian parliamentarians and discussed matters of mutual interests.

Meanwhile reports from Belgrade said customs chief of the Islamic Republic of Iran Hussein Mir Karimi yesterday called on his Bulgarian counterpart in Sofia and discussed matters of mutual interests.

Karimi is visiting Bulgaria along with an Iranian delegation who arrived there last week to explore more avenues for mutual cooperation in the field of transportation.

Karimi who is also deputy minister of finance and economic affairs told his Bulgarian counterpart Nikolai Nikolov that Khorramshahr was the biggest port in Iran just before the war started by Iraq. He said large quantities of goods had been plundered by the Iraqi aggressor from that port.

Karimi said that most of the customs activities are being carried out through Bandar Abbas in South and Bazargan Ports in the west of Iran.

The two officials also exchanged views on the facilities for the truck drivers who transport the goods between the two countries.

Nikolov said Bulgaria has 20 active customs posts and added that his country exported goods amounting 12.308 million tons in 1982. He said his country's import stood at 34.108 million tons in the same year.

He said the main import of his country were included oil and iron wares.

CSO: 4600/741

## HEAVY INDUSTRIES MINISTER ELABORATES ON INDUSTRIAL PROGRESS

GF061052 Tehran TEHRAN TIMES in English 14 Jun 83 p 2

[Exclusive interview with Heavy Industries Minister Behzad Nabavi]

[Text] Tehran—"In our drive to promote industrial production to reach maximum output, we have been able to increase productivity in over 73 percent of manufacturing units by a ratio of 80-100 percent as compared with the year 1978," said Heavy Industries Minister Behzad Nabavi Saturday.

Nabavi was speaking to the TEHRAN TIMES correspondent in an exclusive interview and provided him with a chart detailing the growth in industrial production of various items since 1977 as follows: (Figures are on a daily units basis)

	1977	1982	1983
Pick-up vans	102	107	208
Min-buses	17	15	34
Buses	5.3	5	7.43
Motorcycles	350	240	644
Lift trucks	1.1	2.4	8
Combines	1.5	0.8	5.1
Tractors	35	52	66.3
Peykan engines	346	175	266
Spark plugs	21,700	34,500	46,850
Pistons	-0-	675	1,850
Grinding machines	1.26	1.38	4.6
Drilling machines	5.5	2	8.7
Pylons	-0-	10 tons	65 tons
Hardwares	4,650 tons	4,350	13,022
Agricultural wares	196 tons	75	1,633
Pipes and profiles	1,309 tons	907	2,150
Compressors	1.4	3.1	6
Pumps	13.7	41.7	65

Nabavi said that as a result of various investments in heavy industries it was natural for Iran to engage the services of a limited number of foreign specialists but added that such experts were, or will be employed, only when it was

found to be certain that Iranian specialists could not handle new technological requirements of the country.

He later said that although many industrial units had been at a standstill over a long period in the course of the revolution, the Heavy Industries Ministry had managed to bring many heavy industrial plants back into operation which included: Alum Pars, Alum Roll in Arak, Pars Wagon Manufacturing Company, expansion projects concerning to Arak Machine Manufacturing firm, Tabriz Tractor Manufacturing Company, Persian Gulf Ship Manufacturing Unit, the ICS [expansion unknown]--metallurgical project which will produce all the parts of Benz engines inside the country and is planned to reach maximum production level by 1984 and the bus-manufacturing project by Iran Khodro (Iran national) Factory which will be put into operation next year.

He said further that the factories now operating under his ministry have allocated a part of their production to manufacturing military requirements of the armed forces adding that they were also cooperating with other revolutionary and government organs in reconstruction activities now launched in war-affected areas.

Regarding the production of road construction machinery inside Iran he said that talks were already underway within some foreign countries and that the first negotiations on this matter will be held with Japan next week.

He also said that contracts have been signed with a German firm for the production of stone-cutting machinery in Tabriz.

At the end he pointed out that 30 billion rials had been invested by the government in heavy industries for the current year.

CSO: 4600/742

## PAKISTAN

### WALI KHAN DISCUSSES U.S. INTERFERENCE, POLITICAL PROSPECTS

Rawalpindi HURMAT in Urdu 2 Jun 83 pp 14-20

Exclusive HURMAT interview with Wali Khan, date and place of interview not given]

[Excerpts] [Question] A strong political party is regarded as the guarantor of a country's integrity and security. The National Awami Party [NAP] was considered a strong and influential party in united Pakistan, particularly in East Pakistan. When the language issue was raised and the religious basis of Pakistan's creation was questioned, and later, when the Awami League emerged as an extremist nationalist party, events took a new turn. Under those conditions, NAP was the only party that could have maintained unity between the two parts of Pakistan. But after your colleagues rebelled against Maulana Bhashani's leadership, misunderstanding between East and West Pakistan increased. Could you tell us what your differences were with Maulana Bhashani?

[Answer] Your question is a timely one. We parted from Bhashani on the issue of the overall interests of the country. Maulana Bhashani in fact gave a foreign country the opportunity to interfere in the internal affairs of Pakistan. We have always been opposed to foreign interference in the affairs of Pakistan and remain opposed to it today. We cannot ally ourselves with a man, however pious he may be, who allows a foreign country to interfere in Pakistan. We cannot allow even a friendly power to interfere in our country's affairs. If you want to know the historical background of this entire matter, I can explain what happened.

The late Zulfikar Ali Bhutto alerted us that Maulana Bhashani was acting on the orders of a great power. We appointed a special committee to enquire into the matter; Mahmud Ali Qasuri, Arab Sikandar Khalil and I were members of the committee. Our investigation revealed the charge to be entirely true. The late Maulana Bhashani was unmasked when, in the 1964 elections, he threw his support to Field Marshal Ayub Khan running against Madar-e Milat [Mother of the Country] Fatima Jinnah. The irony was that Maulana Bhashani himself had persuaded Fatima Jinnah to run against Ayub Khan. The decision to formally invite Fatima Jinnah to stand as a candidate in the elections was taken in my house and Maulana Bhashani was present at the meeting. His

attitude puzzled political observers, but we knew the truth. The Bhashani group later told us that he had supported Ayub Khan at the direction of the Chinese premier at the time, Chou Enlai. The latter supported Ayub Khan because during his term of office, friendly relations were established between Pakistan and China and Ayub Khan had played an important part in bringing the two countries closer together. Under those circumstances, to what extent can you hold us responsible for dissension in the National Awami Party? We wholeheartedly supported Fatima Jinnah while Maulana Bhashani was supporting Ayub Khan on the orders of a friendly country. We would have had to pay dearly for our connection with Maulana Bhashani. Such a connection would have meant that we were ready to compromise the country's independence and our own democratic role.

[Question] It is said that you and Maulana Bhashani disagreed over the NAP manifesto, especially in regard to the ownership of land. The Bhashani group claims that they wanted to limit land ownership to 12 acres whereas your group wanted to raise the limit to 25 acres.

[Answer] I told you the real reason for disagreement with Bhashani; the other issues are of small consequence.

[Question] Why were progressive parties such as yours unable to unite with each other?

[Answer] That is exactly what I asked the leader of the Mazdoor Kisan Party [Workers and Peasants Party] Afzal Bengash, in Birmingham, where he now lives permanently and where I met him. I told Bengash, "We believe in evolutionary socialism whereas you support revolutionary socialism. That is the only difference between us. What else could be causing the division between us? We are close together, at least in opposition to the mullahs." Afzal Bengash had no reasonable reply. What I am saying is that progressive parties prefer to remain distant from us.

[Question] Several Muslim leaders in India were opposed to the creation of Pakistan, but most of them have now been accepted by the Pakistanis. The question is, why do people still suspect your allegiance to Pakistan? Why have you not been able to remove these doubts?

[Answer] This is a pertinent question. First, though, I would like to correct your question. You should not confuse the propaganda of the people in power with public opinion. They are two different things. There are no doubts in the minds of the people; the people in power try very hard to sow doubts in the minds of the people in order to retain their hold on power.

Since we belong to the North West Frontier Province and are opposed to authoritarian rule, those in power are particularly affected by this. The North West Frontier Province has always posed a challenge to authoritarian rulers. At one time, this province was a challenge to the British colonial administration and now it is a challenge to imperialist agents. Because of its proximity to the Russian border, the province was regarded by the British as the Achilles' heel of the British Empire, that is, a danger to it.

[Question] The people of Punjab have many doubts; do they need to be reassured?

[Answer] As far as reassuring the people of Punjab is concerned, it poses no problem. Although I was active in Punjab for only a short time, I can give you an idea of the feelings they entertained for me. At a public gathering in Punjab, the crowd would not let Mian Tufail speak and demanded, "Let Wali Khan speak; we want to hear him." In Multan, the crowd that gathered to welcome me was so large that I could not pass through them. Nawabzada Nasrullah Khan took a look at the crowd and said, "Finally, the people of Punjab have found a leader in Wali Khan." These are just two examples. But such incidents perturb the people in power; that is why they do not allow me to work in Punjab. I have been forbidden to enter Punjab, and I am still forbidden today.

[Question] The people of Punjab expect that as a political leader and an individual in authority, you will guarantee their rights.

[Answer] This problem needs detailed study and should be looked at in its proper perspective. An erroneous approach was taken in regard to this issue and an effort was made to protect Punjab's rights in such a way that the result was a severer repurcussion. The ratio of the population of West Pakistan to East Pakistan was 46 to 54; nevertheless, an effort was made to secure Punjab's rights on a 50-50 basis. The result was that East Pakistan lost hope and separated. After a long time, our rulers realized that this was not the correct solution to the problem. Thus, they dissovled the one-unit system and restored the provinces. We are again faced with a lack of balance. The ratio between Punjab and the other provinces is 63 to 37. Under these conditions, the best solution is to give as much autonomy as possible to the provinces. We will give only four to the center and will accept no change in this matter. We should learn from our past, and we have done so. Adopting this approach will not harm Punjab; Punjab has only to change its point of view.

[Question] Can this lack of balance be ended, and can resources and powers be divided equitably through effective Senate administration?

[Answer] You mention the Senate, which was a mere powerless showpiece. The Senate cannot solve such problems and we should not expect it to do so. Consider the North West Frontier Province, for example. It sends 4 billion rupees annually in excise duties to the federal treasury. But this province cannot survive independently from the financial point of view; it is entirely dependent on federal aid and heavy interest-bearing loans. This is the situation created by the 1973 constitution. But the problem does not end there; improprieties continue. For the first time in history, electrical facilities for the province were transferred out of the area. What is the justification for this action? Is it to prevent the electricity generated at Tarbela, Warsak and Malakand from being used here? You still talk about reassuring the people of Punjab. I think that the only way to achieve a solution is through mutual cooperation and understanding. We have an example of this before this. You will remember that when we were in office in the

North West Frontier Province and Baluchistan (the Jamiat-NAP government), we summoned investors from all over the country, including Punjab and Sind. They promised to invest 1 billion rupees in the North West Frontier province for a return of 2 percent profit. At that time, our relations with the federal government were strained and the entrepreneurs wanted the federal government to guarantee their investment. This understanding with the investors displeased the ruling authorities and they decided to punish us. A series of activities were started against us culminating in the Hyderabad case. We were thus punished severely for trying to create understanding among the provinces. One reason for punishing us was that we had penetrated Punjab politically and the Punjabis were beginning to understand us. At the time, the increasing good relations and understanding among the people of Pakistan displeased the United States just as it displeases them today. The United States constantly put pressure on Bhutto through the Shah of Iran to punish us. Later, when the PNA [Pakistan National Alliance] movement was at its height, Mr Bhutto tried to rectify his mistakes by taking independent action. On 4 July 1977, Bhutto's emissary visited me in Hyderabad jail and offered to make peace. He promised to restore NAP-Jamiat governments and governors in the North West Frontier and Baluchistan Provinces and promised, moreover, to stop the high-handed measures in Baluchistan. I told Bhutto's emissary that negotiations could be started on this basis and an agreement reached, but that Mr Bhutto should first reach an understanding with PNA because the situation demanded it. But the emissary had hardly reached Rawalpindi with my message when the situation changed, and martial law was declared the next day.

[Question] In the beginning, it was believed that you had reached some kind of understanding with General Zia's government. It was even said that the Hyderabad tribunal was disbanded and the conspiracy charge against you dropped through General Zia's intervention. You supported the investigation and accountability measures of the martial law government and even believed the promise that elections would be held. You participated in parties at the presidential palace; all these things showed that you welcomed the imposition of martial law.

[Answer] I will tell you the background of the matter if you are interested. First of all, the belief that I was released through the intervention of the Chief Martial Law Administrator is wrong. It is just not true. The Hyderabad case had no legal grounds: the case ended because it was not legally viable and not because of the CMLA's order. Please keep in mind the time factor as well. Martial law was imposed in July and I was released at the end of December. As far as an understanding is concerned, I have always given people the benefit of the doubt; and I gave Mr Bhutto the Benefit of the doubt too when I voted for him in the assembly, even though I did not trust him. I did so for the sake of the wider interests of the country. After martial law, the situation regarding the early relations with the government was this: General Zia was a politically inexperienced general. He asked me what the real problem in Baluchistan was and what was the solution for it. I told him that the high-handed methods used in East Pakistan were being repeated in Baluchistan and that the people of that province wanted their elected government to be restored. I suggested that the CMLA could rectify

the situation by declaring a general amnesty and making restitution to the people involved. He did what he had promised and this to a certain extent restored my confidence in him. It was in this spirit of reassurance that I believed his promises of investigation and elections.

[Question] Could you tell us more about this background of confidence?

[Answer] The only time that impartial elections took place in the country were under General Yahya and we expected another general to do the same thing. As far as the investigations and accountability were concerned, elections are by their nature a rendering of accounts. A political government cannot hold impartial elections; a military government, of course, can hold unbiased elections if it wishes to do so.

[Question] If you trusted the present military government, why did you reject its offer of the premiership?

[Answer] That was nothing new; such offers were made in the past. Bhutto offered me the presidency; but what right or justification did I have for accepting it? A prime minister is elected by the parliament, not appointed by the chief martial law administrator.

[Question] But if you had joined the government, conditions might have become suitable for the holding of elections in the country.

[Answer] The intention to hold elections is a basic thing; there seems to be no prospect of such an event. The idea of necessity is being prolonged needlessly.

[Question] General Zia's government has achieved outstanding success in foreign policy: for example, obtaining F-16 planes from the United States. Do you not acknowledge this achievement?

[Answer] A week before leaving office, Agha Shahi came to me and tried to convince me that he had achieved success in domestic and foreign policy. As far as U.S. aid is concerned, it is never given unconditionally. It could mean another [word unclear] or a new U-2 scandal. As far as obtaining F-16 planes is concerned, whom do you intend to fight? Russia is on one of your borders. Do you wish to fight with Russia? Your other target could be the Eastern sector; but in this way you are making the eastern border a sensitive area. As far as the nonaggression agreement with India is concerned, it is an individual action of the CMLA and the nation is not obliged to abide by the terms of the agreement. The nation is by no means obliged to adhere to secret or open agreements made by the CMLA with other countries.

[Question] President Zia will announce a new Islamic structure on 14 August, Independence Day. Will you welcome such a structure?

[Answer] I do not believe in wasting time; my thinking is based on principles and these principles concern the restoration of the basic rights of the

Muslim inhabitants of the country. I am certainly on the side of the Muslims but I am opposed to using the name of Islam; I am opposed to indulging in luxurious living in the name of Islam. The question, then, is "Which Islam is it going to be"? The Islam of Jamaat-e Islami that incites Muslims against their brothers? Is it Islamic to allow the Jamaat to seize control of mosques, to corrupt students, to murder political opponents? You must be aware that Jamaat-e Islami has initiated two terrorist organizations here called Al-Muqim and Al-Waqab, similar to Al-Shams and Al-Bada. These organizations have been given a hit list and told to assassinate 42 politicians. Two individuals were killed in the bloody incident at Peshawar's Khaibar Medical College; one of them was a student and the other an outsider. Who was this other man and what was he doing in a place where he did not belong? What was his interest in the students' hall? Is this what an Islamic government is supposed to be?

[Question] Jamaat-e Islami claims that it has given an Islamic color to the Afghan resistance movement and carried the Islamic revolution to the opposite shore of the Amu River.

[Answer] Which revolution? The one that has been started in the country? And what price is being paid for it? The price is that the integrity of the country is being jeopardized. The integrity of the countries who are giving aid is not at issue. The problem concerns us. The aid coming from there is added to the Jamaat fund to enable it to spread terror in the country and make political bribery a common occurrence.

[Question] Now that the problem of Afghanistan has come up, it is necessary to clarify your party's stand. My question is in two parts: first, the general impression is that after your trip to Kabul, you have begun to lean toward Russia and the Karmal government. Second, why do you insist that direct negotiations be held with the Karmal government, seeing that in principle the Pakistani Government does not acknowledge the Karmal government?

[Answer] Regarding the first part of your question, the fact is that truth does not lean in any direction. I am accustomed to this now; new phrases are coined to describe me. Sometimes I am called an "Indian agent," at other times a "Hindu lover" or Russian agent." All these are the creation of one mind, or rather, the mind of a superpower whose interest lies in using Pakistan against Russia. I have historical proof, which I am citing in my book that shows the United States had a hand in the creation of Pakistan. Pakistan. The United States supported Pakistan to use it against Russia. I have always fought against this U.S. objective, which is why I am a thorn in the side of America. If anyone thinks I am leaning towards Russia, then he has been told so by the Americans, because American views enter the country along with American military and economic aid. As for the second part of your question, the fact is that we are affected directly by the Afghanistan problem. One sees such large numbers of Afghan refugees and large quantities of weapons here. These weapons are sent to Afghanistan from here. All these things are signs of trouble for a country with sensitive borders. We have a choice of two courses for solving the Afghanistan problem:

one is to use force against Russia. Can we afford to do so? The second is to settle the matter through negotiations with the Government of Afghanistan. Islamabad presents strange arguments in this regard; it will not negotiate directly with the Karmal government but conducts talks through the UN representative. This is strange logic.

[Question] I would like to talk a little about the internal problems of the country. What are your views regarding Pakistan's future? Some people think that you have lost all hope regarding conditions in the country. What do you see as the solution to the country's problems?

[Answer] Every nation has to build its own future. We should read the writing on the wall and learn from our past deeds and shortcomings. As for solving the problems, at present the four pillars of the country lie shattered. The first pillar of a democratic country is an elected legislature; it should be restored. The members of the executive should be made to feel secure. Sixteen hundred officials, including individuals holding secretarial posts, have been dismissed without being given the chance to defend themselves. The freedom of the judiciary should be restored so that people can regain confidence in the courts. The press should also be free. All these things are included in the 1973 constitution.

#### Sandwich

In the course of the interview, and specially during lunch, Wali Khan made many statements that were off the record. He remarked during our conversation, "Pakistan has moved completely into the American camp; but at what price?" He said, "American interests are fully protected here, but the United States does not protect Pakistan's interests." Wali Khan referred to the views of several observers of Pakistani-American relations and said that these observers were of the opinion that in the roster of American friends, Pakistan was the only country whose integrity had not been clearly guaranteed. He spoke at length about the effects on the area of Russian intervention in Afghanistan and said that Pakistan had become sandwiched between India and Russia.

#### President or CMLA

Throughout the 4-hour interview with HURMAT's correspondent, Wali Khan always referred to President Zia as CMLA [Chief Martial Law Administrator] and did not once call Ziaul Haq "president."

#### Nasim and Roses

Wali Khan's interview with the HURMAT correspondent was held in Gulabad (Charsadda). Wali Khan's residence in

Gulabad is spread over a wide open area. Wali Khan's family lives a few kilometers away in Shahi Bagh. Begum Nasim Wali Khan had the present residence in Gulabad built while Wali Khan was in jail in Hyderabad. Wali Khan designed the house himself. Talking about the construction of the house, Wali Khan several times mentioned his wife, "Nasim." The HURMAT correspondent asked Wali Khan why he lived in such a remote village, and why he did not have at least a small place built in Peshawar where people could come to visit him and discuss political affairs. Wali Khan answered that some time back he was asked the same question in Lahore and was told that he should take up residence in Lahore so that the People of Punjab could visit him and come to know him. Wali Khan said that he had answered that he could live within his means only in a village. He pointed to the rose bushes outside his house and asked, "Where can one find better surroundings and air? We are village dwellers and like peace and quiet." A correspondent sitting nearby remarked, "That is quite true. Only an atmosphere like this can keep a disappointed politician happy."

#### The United States Created Pakistan

In the course of his 4-hour interview with the HURMAT correspondent, Wali Khan repeatedly referred to the book he is writing on the Pakistan and Khudai Khidmatgar [Servants of God] movements and said that in his book he was citing a document proving that in May 1947, 3 months before independence, the U.S. chargé d'affaires in India stated that the United States supported the creation of Pakistan and wanted Pakistan to be established because the United States and Western nations could use it against Russia. Wali Khan said that he would be traveling to Europe in the last week of May in connection with the publication of his book.

9863

CSO: 4656/193

## LETTER TO EDITOR ASSAILS DEPENDENCE ON AMERICANS

Karachi JANG in Urdu 9 Jun 83 p 3

[Letter to the editor]

[Text] Mr Agha Shahi told a seminar in Islamabad that if Russia attacks Pakistan, America will come to the aid of Pakistan. Our country is so tightly in the grip of pro-American forces that their influence does not permit us even to learn a lesson from the past. During the Pakistan-India wars of 1965 and 1971, the American response benefited India rather than Pakistan. Far from aiding us, America even refused to send us arms. Only recently we mustered up a little courage against America and it not only stopped its own aid but even prevailed upon its allies to stop their aid as well. Innumerable people are aware of the desperate situation in which our country has placed itself. Now our beloved General Haq says that we cannot live without foreign aid, and since more foreign aid than hoped for is already available, everything is well. Why bother to save and why try to stand on our own feet. When there is an opportunity to lead a life of luxury without hard work, only a fool would not take advantage of it. There are a few crazy souls who care for the future of the country. Let them cry in the wilderness. My dear sir, there is no need for Russia to invade Pakistan. It can achieve its purpose thru Afghanistan and India. And, dear sir, can there be anything more foolishly optimistic than to believe that Americans will come 10,000 miles to fight for us and confront Russia in an atomic war? Our country's fate has always been in the hands of either American toadies or the British-dominated officer class. That is why every inhabitant of this country is in debt to foreign countries and has become accustomed to a life of ostentatious luxury. The country and the coming generations will have to suffer for this. God helps those who help themselves.

12286

CSO: 4656/202

COMMENTARY ON REFUGEE-GENERATED CONFLICT, POLITICAL PRISONERS

Islamabad THE MUSLIM in English 25 Jun 83 p 3

[Editorial by Khalid Akhtar: "Depoliticising the Campus"]

[Text]

It takes a lot from a country to accommodate a section of foreign population even if the duration of its stay is a short one. They bring with them their own laws, culture and traditions and most of them are at variance with the home population. Then the local man has his own limitations. Gradually his sense of nationalism overtakes his love for his alien brother and a stage comes when he says: This is my country; and all its fruits belong to me and only to me.

No love between the two peoples is everlasting and least the one between the two whom an incident of history has put on the same road. Another development can easily place them on a diverse course. We have rich traditions of Ansars and Muhajirs and we are proud of them. But there cannot be a repetition of this phenomenal relationship. History moves ahead and not backward; and we have to live with this reality.

What happened in Buner (Swat) recently has sent a wave of shock throughout the country. It is shocking to see people being killed by stoning. But what was most unfortunate was the impunity with which the refugees violated law of the land which had given them refuge and shelter. Some may say that all this happened due to ignorance. But ignorance cannot be an argument for clemency.

Already the government has moved a bit late in taking action against the culprits. According to latest report 18 refugees have so

far been arrested for stoning to death a Pakistani Security Guard, an Afghan woman and her husband. The father of Multan Khan, the deceased Security Guard, has also reached Buner and registered a case of murder of his son with the police.

No solid evidence of illicit relationship between the Security Guard and Afghan woman (stated to be the cause of gruesome crime) is coming forth. Dispute and differences in the distribution of relief goods appears to be the cause of the ghastly act. Gross mismanagement of relief supplies is now hardly a secret. Wali Khan before he left for abroad had levelled serious charges of corruption against a defunct party which is closely associated with the relief operation. He accused the same party Quetta office of misappropriating crores of rupees. The party office was subsequently closed, but the facts were never allowed to see the light of the day.

Buner and surrounding areas now give a strange look. It appeared as if a nightmare has struck them. People there will take long time before they erase the memory of the horrible act from their minds. In between the period there remains a fear that someone may lose his patience or mental balance and indulge in acts more horrifying than the Buner tragedy itself. Only quick and speedy dispensation of justice will minimise the possibility of counter action or lessen the severity of the repercussion of the Buner holocaust. So let the wheels of justice move unhindered. Let there be no political considerations or expediency, we have already paid enough for them.

#### PRISONERS OF CONSCIENCE:

Political prisoners have always invoked considerable sympathy not only at home but also abroad. People here read with interest that how many political prisoners were in Chilean jails. Even Indira Gandhi's (known for her tough policies against Pakistan) short detention under Janta government was not met here with approval. Similarly political leaders and workers detention here has aroused the same kind of reaction abroad.

Unfortunately we have at this stage more political prisoners than ever before. Etizaz Ahsan, who is leading the signature drive for the release of 'prisoners of conscience' has made some startling disclosures. According to him there are about 900 political prisoners in Kot Lakhpat jail alone. Most of them, he says, were in the jail without any trial and were not allowed any contact with the outside world. And the revelation that military courts do not maintain proper records or that it was impossible to get a copy of summary court decision, is no less painful. These are serious allegations and need a thorough probe at the highest level.

Meanwhile Mr. Bilraj, former Advocate-General of Indian state. Manipur, who has been hired by Murtaza Bhutto to fight Miss Benazir's case in International Court of Justice for her freedom, has contacted the Pakistan government to allow him an audience with the late Premier's daughter. Murtaza Bhutto's exercise may prove a futile one, but it will cause all kinds of embarrassment to Islamabad.

The present government's position on political detentions has remained most vulnerable throughout. And the irony is that the regime has gained nothing by its rather 'tough' and much criticised approach towards its political opponents. Jails have swelled from time to time, but it has not eliminated opposition. There has always remained a room for a policy of pacification. Why not try it now.

#### CHANGES IN CAMPUS:

There have been talks for quite sometime now about changes in the campus. The present regime right from the beginning has viewed union activities with apprehensions and dislike. And now the Vice Chancellor's report recommending ban on unions appeared to have settled the issue beyond any doubt.

It is easy to avoid issues than to deal with them. The Vice Chancellors have apparently opted for an easier course. This is no criticism of them. They have done only what we are doing, closing our eyes to the realities and hoping for miracles.

What happens in the campuses is only a reflection of our national scene. If there is rowdiness, violence in the campuses we can hardly boost disciplined conduct outside the varsities. Than where lies the fault. They say wrong remedies, faulty diagnosis make things worst. So we should better move with care.

Politics was blamed for all ills of the country. Now we are living for six years without politics and our losses and gains are quite visible. Soon we will be reverting back to a political system for the cure of those very ills we had attributed to politics. What an irony.

All of us have liking for a system and an ideology and this liking is intense among the youth. This explains the sharp division between the right and left in the campuses. If we cannot depoliticise the country we can least hope to root out politics from the learning institutions.

Politics is bad only when it is run on negative lines. If we could not put politics on healthier lines. It is a nation's failure, not a failure at the campus level. Why should we punish the students for the shortcoming which is not their's.

It is now well over one year that Polytechnic College, Rawalpindi, is closed. The Reports said that the authorities have now decided to wind-up the institution. What a mad decision. Tomorrow it may be the turn of another seat of learning. Yes, we can do this, but we cannot do away with politics in the campuses, ban or no ban.

## POLITICAL STRUCTURE: COMMENTARY ON ANTICIPATION

Islamabad THE MUSLIM in English 29 Jun 83 p 4

[Text]

August 14 is being looked forward to this year with unusual anticipation. One obvious reason is that the regime has promised to deliver by that day its own political structure for the country. But that by itself cannot justify the general mood of expectancy, for until the dispensation is actually spelt out there is little justification for any kind of speculative enthusiasm.

The other tangible reason for the focusing of attention on the approaching independence day is the MRD's decision to launch a civil disobedience campaign for the restoration of democracy. Going by the Movement's abysmal failure to mobilise public support in the past, there are, at least on the face of it, good grounds for treating its prospects with some degree of scepticism. Yet, oddly enough, despite weighty negative factors, August 14 seems to be very much on the minds of the people.

In a way, this widespread awareness of the target date is, of course a measure of the MRD's efforts to drum up interest and support for its forthcoming agitation. One thing is easily discernible: the MRD leaders have been quite active, and not just issuing statements but also doing a fair amount of fieldwork. What is more, all the other parties and politicians, too, have taken positions, one way or the other. The Jamaat and the Pagara league are beginning to make critical noises.

One need not pay any heed to Pir Pagara's periodic fribbles. But some of his more earnest colleagues have been virtually endorsing the MRD position for the past few months. The really significant shift, however, lies in the vacillations of the Jamaat-i-Islami, and the

mutually contradictory statements of its leaders.

One of the Jamaat's leading lights has now gone so far as to suggest an all-party conference to evolve a consensus for the restoration of democracy. Prof Khurshid is said to have expressed his personal views but anyone familiar with the structure and method of operation of this closely-knit organisation would know that "the intellectual" would be reflecting the thinking of at least the Karachi wing of the Jamaat.

It is probable that this proposal was partly inspired as a counter-measure to the MRD's efforts to build up an agitation. But one cannot altogether ignore the factor that it has certainly been influenced by the decision of the MRD to launch civil disobedience movement.

Although a lot of incidents just do not find a place in any segment of the press but judging by what little is reported it is evident that situation is slipping out of the hands of all concerned. Thus when politicians of every hue warn of the deterioration and the threat of total collapse they are not playing politics. They are truly apprehensive perhaps a little frightened, for, by and large, they stand to lose a great deal.

One of the strongest arguments the politicians use for the restoration of constitutional government is that the way things are going it would not be long before people are forced to resort to violent methods for winning back their fundamental rights. Once they take the plunge it would be too late for anyone to do anything about it. The only way to refute this argument is to assert that the people will continue to suffer in silence every hardship and humiliation.

Six years of martial law have kept the politicians in check and most people quiet for most of that

period. Let us for a moment forget about the eventual consequence and the politicians warnings, set aside also the pros and cons of martial law regime and examine the scene objectively in a non-political context.

One can ignore all the many frightful stories in the grapevine despite the authentic ring about most of those in circulation. Hardly a day goes by without one or more press reports about all kinds of incidents of lawlessness. Police fighting the magistrates, airport security force beating up and kidnapping shopkeepers, 45 killed in armed clashes, trains derailed, buses robbed in scores, riots in jails, armed bank robberies, student murders, and on and on it goes.

That was one aspect. There are the ever-increasing economic hardships. While the people are fed on impressive statistics, day in and day out, prices of key items are increased almost every few months. Incomes of most people are pretty nearly static and unemployment soars unchecked.

It is this sombre picture that confronts the politicians, and worries them. What is worse, they see that a "near-chaotic situation" obtains at

a time when the country faces grave external threats as well as the burden of a large and unpredictable population of aliens, in sensitive areas.

The politicians worries and apprehensions, it would seem, are wholly genuine. What remains in some doubt is the extent of sincerity of their commitment to democracy, and one says this with first-hand knowledge of past record of the parties and their current leaders.

After the inglorious exit of Yahya Khan, the politicians were afforded a good opportunity to work the system under a unanimously approved constitution and they had muffed that chance badly. A good few had actually gone on to defy it. It has taken some of them a long time to comprehend that "the worst form of democracy is better than even the best type of martial law".

In spite of these prudent reservations, one has no hesitation in conceding that the MRD leadership appears serious about the restoration of the political process which alone would allow people to have a say in the manner of their governance.

CSO: 4600/762

## JUP LEADER CRITICIZES GOVERNMENT'S POLICY ON AFGHANISTAN

Karachi DAWN in English 28 Jun 83 p 12

[Text]

The only way for Pakistan to avoid involvement in Super-Power politics is to expeditiously find a solution to the Afghanistan crisis, Maulana Shah Ahmad Noorani, President of the defunct Jamiat-i-Ulema-i-Pakistan (JUP), said in Karachi on Monday.

His own feeling, however, was that the Government either did not realise the "gravity of the situation" or it was "deliberately shilly-shallying just to prolong its tenure."

The Maulana was talking informally with the newsmen at an Iftar party held for them at his Saddar residence.

In the same context he cautioned that attempts by a particular political party, in league with certain vested interests, to "lure" the Afghan refugees into Pakistan's internal politics were "fraught with dangerous consequences" both for the people at home and the Afghan refugees.

He said, "it is the bounden duty of the Government to protect the national interests, while entertaining the Afghan refugees with the traditional Islamic hospitality. Action, therefore, should be taken sternly against those trying to exploit the Afghan refugees for their self-aggrandisement."

Maulana Noorani made no secret of the fact that the memory of his failure to convene the RTC (Round Table Conference) was still haunting him. For, he pointed out, the day his RTC move was "sabotaged" he had come to the "inescapable conclusion" that the Government would not transfer power "on its own accord." And in this, the defunct Jamaat-i-Islami was "hand in glove" with bureaucracy, he contended.

After all, he wondered "what ill of the Government I had wished while proposing the RTC." His sole effort, he recalled, was to bring together the political parties that mattered for a dialogue with the Government on ways to effect peaceful transfer of power. So, why "my move was sabotaged," he queried and volunteered to answer it. "It is because the Government does not want to part with power."

With this analysis in mind, Maulana Noorani offered, straight on his recent return from abroad, to unconditionally support the MRD's call for Aug. 14 pro-democracy drive.

For, he explained, "when avenues for a dialogue are closed, the only way for the people is to assert themselves for the restoration of their fundamental rights." Viewed from that angle, the MRD's proposed campaign from Aug. 14 next "is logical and appropriate,"

he noted.

Maulana Noorani said, he plans to convene the session of the defunct JUP Council, most probably in Lahore, next month to review the latest situation with emphasis on "how effectively to lend a helping hand" to the Aug. 14 drive.

He told a questioner that during his latest meeting with Sardar Sherbaz Mazari, Convener of the MRD, assurances were exchanged on the need for mobilising public opinion for the restoration of democracy.

Asked for his views on the Federal Budget, Maulana Noorani queried: "What Budget?" and asked "you call it a Budget; it is not budget, it is 'Gorakh dhanda' (jugglery of figures)."

A reporter told the Maulana that a foreign correspondent was left guessing by certain political leaders as to how many detenus were incarcerated year-wise in Pakistan. Maulana Noorani said if he (foreign correspondent) had put the question to him he would have answered: "What to speak of the political prisoners, the country itself is in a state of subjugation with the people's fundamental rights suspended, the 1973 Constitution held in abeyance, and the PCO (Provisional Constitutional Order) overruling the rule of law."

## CONVENTION OF IDEOLOGICAL FORCES PROPOSED

Islamabad THE MUSLIM in English 23 Jun 83 p 3

[Article by Nusrat Javeed]

[Text] Rawalpindi, June 22--Prof. Khurshid Ahmad, Chairman Institute of Policy Studies--the think tank of the defunct Jamaat-i-Islami--had suggested that there should be a national convention of all ideological, committed political forces of the country to prepare a plan for smooth inauguration of the democratic process in the country. He was addressing a Press conference at a local hotel.

Prof. Khurshid was of the opinion that the present moments are decisive for the future of Pakistan as President himself had committed to present his political structure for the country on 14th August. He stressed that he is recommending his findings as Chairman of an independent research institute and was not representing defunct Jamaat-i-Islami of which he is a member.

He suggested that the proposed convention should address itself to the problems of a caretaker government with the specific objectives of making arrangements for national elections. He accepted 1973 Constitution as an ideal framework for the restoration of the political process but recommended that the proposed convention may attempt to find a balance between the powers of President and the Prime Minister in the light of 56 constitution.

Earlier in his written statement he said that people of Pakistan have not to discover the Islamic political order. The question is to institutionalise the principle of Shura in their political life. Main stress of his statement was to project proportional representation as the ideal electoral system for Pakistan as according to him only this system could provide a stable government to the country. In this respect he also distributed a book on the subject which he has written for his institute.

Regarding the fears that proportional representation may work against the interests of the minority provinces, he recommended that instead of taking the whole country as a single constituency, one division should be made a constituency and seats to the political parties may be allocated according to their votes on Divisional basis.

Answering questions he opined that there is a flimsy stability in the country and political void should not be allowed to perpetuate. He alleged that government's attempts to find a suitable political structure according to the principles of Islam is a ploy to confuse the issues. He claimed that Islamic political order is very clear and there is a consensus among the whole Ummah on the main pillars of this system.

He said that Islam had provided institutions and it clearly demands Shoora from its followers. Without institutions Islam could not have survived in last 14000 years, he added. According to the principles of Islam, he further said, head of State has no veto power over the opinions of the representatives of the Ummah and all those Martial Law regulations stand null and void which are against the injunctions of Shariah.

In reply to a question he said that defunct Pakistan People's Party should also be invited to that convention as they also accept Islam as their religion. He said that the situation demands political realism and one must not indulge in 'legalities' to find solutions. Government and political parties should sort out the problems in political manner while following the principles of give and take. Otherwise, he added, there will be a movement like 1977 which cannot be afforded at the moment.

Prof. Khurshid was not able to answer the pertinent question that who should call for his proposed convention. He, however, was of the opinion that government should call for it but it had to establish credibility and should convince political parties that they are serious in holding elections and restoring the democratic process in the country before calling for that convention. He refuted the opinion that his call for a dialogue between government and the political parties at this moment was an attempt to sabotage the movement planned by MRD. He was not very hopeful regarding the success of the planned movement.

He stressed that without the political parties, Pakistan could never have a stable political system and this is the right time that all of us should accept this fact. He further said that to institutionalise the political and democratic process we also have to radically change the present system of public administration which we inherited from the British colonialism. For the same purpose we should also think about the present structure of the other institutions.

He suggested that a serious debate should be initiated to discuss and define the role of Army in the country. "If they are to have some permanent role in running the affairs of the state then some basic changes will be required in the very structure of that institution" he added.

He was not eager to call this convention on his behalf and stressed that while taking the present position he was not acting as a politician but was presenting his thoughts as an intellectual.

# ARRANGEMENTS FOR LOCAL ELECTIONS BEING FINALIZED

Karachi DAWN in English 28 Jun 83 p 1

[Text]

LAHORE, June 27: Although at this stage, nothing could be said with a degree of certainty as to whether or not President Zia's promised political structure is going to provide a timeframe for general elections, the fact remains that arrangements for holding Local Bodies polls are being finalised and by the fateful date of Aug. 14 these will have entered the push-button stage.

The Federal Minister for Local Bodies has been on record that these elections would be conducted before Aashura which falls in the third week of October. The Government has also made it repeatedly public in no uncertain terms that these will be held strictly on non-party basis. In fact, the provincial election authorities are already empowered to disqualify any person on the plea of his affiliation to a political party or to deseate him even after he has been declared elected.

Meanwhile, with the passage of time the confusion created by the postulating posture of political parties on the question is getting worse confounded. Among the political organisations there appears to be no unanimity on the subject — there are parties which appear to be in favour of participating in these polls, there are others which believe that these elections fall strictly within the jurisdiction of an elected government and a participation, therefore, would amount to accepting the competence of the present government in this regard. There are still others which maintain that in the present political context when little is known about the fate of general elections, these polls carry no relevance. But then there are organisations which have very intention of contesting them officially while others would like their members to fight the battle of ballot in their individual capacity

CSO: 4600/763

PNP TO COOPERATE WITH MRD

Islamabad THE MUSLIM in English 24 Jun 83 p 6

[Text]

LAHORE, June 23: The defunct Pakistan National Party of Ghaus Bux Bizenjo has closed the chapter of joining the eight-party Movement for Restoration of Democracy (MRD) but would cooperate while-heartedly with it in launching a movement for the restoration of democratic government in the country.

The Lahore President, Imtiaz Shah and other office-bearers of this party said at a joint Press conference here today that a six-man committee had been constituted to work out the modalities of the proposed MRD movement and the way the defunct PNP could lend its support.

They further said that the defunct PNP was discussing the possibilities of an alliance with like-minded parties including Awami Jamhoori Party and Mazdoor Kissan Party. They said the PNP would single-handedly launch a movement for restoration of democracy if all other parties changed the programme.

Answering a question, the PNP leader said circumstances were taking a positive turn for an alliance between the defunct PNP and the defunct NDP and did not rule out the possibility of a re-unification.

They demanded release of all the political detenus and prisoners and lifting of restrictions on the Movement of the defunct PNP Chief, who has been confined to his district Khuzdar. -PPI

CSO: 4600/761

DEPLORABLE CONDITION OF GOVERNMENT SCHOOL SYSTEM ATTACKED

Karachi JANG in Urdu 8 Jun 83 p 3

[Column by Arshad Ahmed Haqani]

[Text] The principal of a public school writes in an English-language publication:

"In one of your previous issues, a letter writer suggested that the government should take a look at the prevailing rates of private school fees. These fees have become intolerable, and the average family is in no position to pay them. There is no doubt that the fees charged by private schools constitute a tremendous burden for middle class families, but attempts to regulate fees would not solve the problem. The real solution is to improve the teaching standards of government schools, because at present these schools do not meet the reasonable needs of students. As soon as there is improvement in the conditions of government schools, the private schools, which have mushroomed everywhere, will begin to disappear.

"It is necessary to ponder the question of why no improvement takes place in the condition of schools. In my opinion, a major reason is the fact that children of top civil and military officers do not study in government schools. These schools impart education to children of people who are in no position to bring about any changes. If the government made it compulsory for children of high officers to attend government schools, then the condition of these schools would begin to show immediate improvement. If the children of commissioners, deputy commissioners, brigadiers, colonels, superintendent engineers and executive engineers were sent to government schools, then, to ensure better education for their own children, they would begin to pay more attention to the problems and needs of the schools. Soon, the schools would be given the appropriate staffing; overcrowding in classes would begin to diminish; better quality furniture would become available and there would be improvements in other equipment as well. Thus, the atmosphere and nature of education in these schools would show such an improvement that discerning parents would have no problem sending their children to the government schools.

"These suggestions for improving the quality of education in schools are also in accordance with practice of Islam. If we really want to create a just

society, then the children of high officers and the rich will have to study alongside children from poor families."

This letter is an insignificant witness to the problems that average families face in getting education for their children and it points to the effect of these difficulties. The government's desire that to meet national educational demands the private sector should play its role, is completely understandable and correct. But this desire is being fulfilled in such a way that with one problem solved, two more are created. Private schools do provide comparatively superior education. However, their cost is too high for the salaried class or, for that matter, for anyone else whose occupation does not contain elements of extortion and ill-gotten wealth. On the other hand, the condition of government schools daily goes from bad to worse because government schools are friendless and uncared for. They do not get any significant portion of national resources. Thousands of government schools have unsuitable premises, inadequate staffing, no science laboratory and no qualified science teachers. Even the benches, tables and chairs are not up to standard. School rooms are crowded with children one-and-a-half times or double the capacity and poor teachers harassed by economic worries try to impart some sort of education. Obviously, parents who are sensible or who hold the future of their children dear cannot help feeling depressed and uneasy over the situation. But they are helpless. They are fed up and disappointed with government schools. But what can they do? Private schools demand fees that often exceed the total income of families. Moreover, in most places good private schools simply do not exist. If we want to provide some kind of education to the children of the majority of the population, who form an overwhelming majority of school-aged children, then our priorities will have to change and a fair share of national resources must go to those institutions that cater to students from families without means or with only limited means. Needless to say, if we merely go on shouting "Islam, Islam" while maintaining class disparities in all its forms, not only will there be a reaction against those responsible but harassed people may also start harboring misgivings about Islam itself.

12286

CSO: 4656/202

BALUCHISTAN TIMES URGES END TO ASGHAR KHAN'S DETENTION

Quetta BALUCHISTAN TIMES in English 23 Jun 83 p 6

[Editorial: "Asghar Khan's Detention Must End"]

[Text]

*The detention of Air Marshal (Rtd) Asghar Khan has been too long. It must end now.*

*Air Marshal Asghar Khan is one of the valiant sons of Pakistan who have done real good service to the motherland. Both in his capacity of the PAF Chief and then as a political leader of national stature, his conduct and performance has been exemplary. He is a patriot every inch and it is not easy to convince ourselves that his activities can be prejudicial to the interest of the state.*

*He is a man of strong convictions and he might have some political differences with the present regime, but it does not mean that he can indulge in any irresponsible behaviour and create a situation harmful to the country.*

*Neither the Air Marshal himself nor his party has ever indulged in negative politics. They believe in clean and healthy politics, neither leftist nor rightist.*

*It has been often reported that Air Marshal Asghar Khan is not keeping good health from quite sometime. Prolonged detention is telling upon his health severely. He has led a very active life throughout and perhaps this forced idleness is the main cause of his indisposition.*

*His release is bound to have healthy affects and would ease the situation instead of aggravating it. Air Marshal Asghar Khan is not the type of person interested in creating chaos and confusions.*

*Moreover, despite ban on politics, the President General Mohammad Ziaul Haq has been maintaining close liaison with the politicians. He has himself declared it many a times that he is not detached from the politicians and*

*that he does not need any intermediary to contact the political leaders. When so is the case why a patriot like Air Marshal Asghar Khan should be kept in detention for such a long time. We sincerely believe that the detention of Air Marshal Asghar Khan for such a long time is not in the interest of the state and even in the interest of the present Government. The anti-Government elements in the country are exploiting this situation and using it an effective and forceful propaganda against the Government and a proof of so-called atrocities on the leaders by the present Government. The people normally do not pay much heed to anti-Government propaganda by these elements as their own behaviour is still fresh in the minds of the people, but these elements have been provided a chance in the form of detention of Air Marshal Asghar Khan to criticise the present Government's policies to achieve their own ends.*

*Under the circumstances we are obliged to request General Mohammad Ziaul Haq to review the case of detention of Air Marshal Asghar Khan and order his release immediately.*

CSO: 4600/762

FEDERAL GOVERNMENT PLANNING HOUSING PROJECTS FOR BALUCHISTAN

Quetta BALUCHISTAN TIMES in English 25 Jun 83 p 1

[Text] Quetta, June 24--The Government has done necessary planning on priority basis to provide low cost housing facilities to the people during the next 5 year plan.

The Federal Government is also preparing housing projects for implementation in Quetta, Sibi, Turbat, Gawadur and Loralai to overcome housing problem in Baluchistan.

This was stated by the Federal Secretary for Housing and Works Syed Ali Nawaz Gardezi in an interview with Baluchistan Times and Daily Zamana.

He said the Government was encouraging private sector in Works. Efforts were being made to solve the problems of the private sector and allow certain concessions to the construction companies to encourage private housing activities. But he said the Govt. would ensure that the people get standard houses on low costs. He said a comprehensive line of action was being chalked out in this connection.

He said necessary plans were being prepared to check population shift from villages to the urban areas, to overcome housing problems in bit cities.

Replying to a question, he said in the rural areas residential accommodation was constructed without any proper planning with the result that these lacked the basic facilities like sewerage etc. The present Government was paying active attention to this problem and efforts were being made to extend maximum possible facilities to the rural people for construction of houses.

Turning to Baluchistan Syed Ali Nawaz Gardezi, said a comprehensive plan had been prepared for construction of Federal Government offices and accommodation for the officers and staff of the Federal Government Departments in the Provincial Capital. He said a residence colony for about 250 personnel was rapidly coming up in Sariab area and would be completed by end of this year. He said expenditure on public welfare works was rapidly increasing in Pakistan. He said Europe the people did not depend on Govt for welfare works and instead preferred self help.

In reply to a question about the standard of construction in Pakistan, he said we were short of experts and technical staff because most of them had gone abroad. He said a training institute would be set up in each Province to train Masons, Carpenters and Electricians etc for raising the standard of construction. He said an Engineering Academy was being set up in Lahore for inservice training of Engineers.

About Bolan Medical College Complex in Quetta, Mr. Gardezi said he was not satisfied with the pace of work. He said efforts were being made to speed it up. He said there was difference in actual work done on the ground and that shown in the documents. He said the standard of work would also be raised and this project would be completed in next 3 years. So far about Rs. 30 crores have been spent and an equal amount is expected to be spent to complete it.

In reply to another question he said he said the Government would take serious view of any misappropriation noticed in any projects and those responsible for it would be dealt with severely.

CSO: 4600/762

## YUGOSLAVIA PROPOSES EXCHANGE OF GOODS

Karachi DAWN in English 30 Jun 83 p 12

[Text]

LAHORE, June 29: Yugoslavia has proposed exchange of goods worth 16.5 million dollars with Pakistan and the list of the trading items will be finalised at the Joint Ministerial Commission's meeting to be held in Islamabad in October.

Yugoslavia will also formally propose declaration of its Serbia Chamber of Economy and the Lahore Chamber of Commerce and Industry as twins. The first meeting of twin chambers will be held in Lahore after formal approval of the Pakistan Government.

This was disclosed here on Tuesday in an interview with PPI by the President, Lahore Chamber of Commerce and Industry, Syed Mohsin Reza Bukhari, who recently visited Yugoslavia and three other socialist countries at the head of a seven-member delegation. The other countries the delegation visited were Bulgaria, Romania and Hungary.

Mr. Bukhari said Yugoslavia showed keen interest in the establishment of joint ventures with Pakistan in the fields of ship-building, dry-method cement plants, food and fruit processing units, meat processing, cattle-breeding, hydel and thermal power plants, mining, establishment of downstream industries of Pakistan

Steel and industrial robots (mechanical men).

Yugoslavia was also prepared to transfer technology and the technical know-how in these fields, the LCCI President added.

Besides, that country expressed its readiness to assist Pakistan in railway electrification, manufacture of locomotives and coaches, air brakes and silos for storage of foodgrain.

Answering a question, Mr. Bukhari said a specialised Yugoslav mission will shortly visit Pakistan to hold further discussions with the Government functionaries on the issues of mutual interest.

He said Pakistan was interested in joint ventures having vast export potential in the Middle East and Gulf States. Light engineering and food and fruit processing units were the main joint ventures proposed by the Pakistan side in the parleys.

Owing the outcome of his visit to Bulgaria, Mr. Bukhari said his delegation participated in the famous Plovidiv trade fair and obtained export orders worth Rs five million for hosiery goods and surgical instruments.

## BULGARIA

Negotiations for export of textiles are also being held with the Bulgarian trade organisations, Mr. Bukhari, leader of the first-ever private sector delegation to these socialist countries, said.

He said Pakistani goods could find a good market in Bulgaria and added that next year Pakistan would participate in the same trade fair with a wide variety of goods.

A computer manufacturing firm was desirous of holding an exhibition in Pakistan, the LCCI president said and added that the exhibition would be held in the beginning of next year.

## ROMANIA

Romania, Mr. Bukhari said, was interested in joint ventures in oil and gas exploration and electronic and engineering industry. It was also keen to import rice, leather, ready-made garments from Pakistan and a new agreement would be signed between the two countries in near future.

About Hungary, the LCCI president said it was interested in assisting Pakistan in the production of sunflower and was ready to transfer necessary know-how.—PPI.

# NEW IMPORT POLICY ANNOUNCED; 122 ITEMS ADDED

Karachi BUSINESS RECORDER in English 30 Jun 83 p 1

[Text]

ISLAMABAD, June 29: Import Policy for the year 1983-84 was announced here today by Commerce Secretary Izharul Haque with emphasis on increase in productive capacity of industrial sector and encouragement to new investment by ensuring easy availability of raw materials and capital goods.

The policy being liberal has also provided two new lists to be known as Negative List and Restricted List. The existing free list which will continue as before has been christened as positive list.

## MAIN FEATURES

The main features of the policy also include greater import substitution and larger export expansion by strengthening supply capabilities of the economy.

The role of the private sector during the year would be encouraged by providing better access to items hitherto importable exclusively by the public sector.

Both the sectors—private and public—would be encouraged to gain self-confidence to face the existing international competition in the world markets.

The policy aims at augmenting supplies of essential consumer goods to serve as a check on price hike.

Izhar in his speech said that the New Negative list specifies such items as are banned for import like the items for religious or security reasons, luxury consumer goods and the items for tariff protection to local industry.

Restricted List, he said includes items importable exclusively under loan, barter, credits, and the goods subject to quantitative restrictions and the items importable by the public sector.

## APP adds:

Presenting the policy on radio-TV network Izhar said the free list in the format would be incorporated in the Import Policy Order-1983 for the convenience of the public.

He said the new import policy aimed at enhancing the productive capacity of the industrial sector and encouraging new investment by making available raw materials and capital equipment, greater import substitution and expansion of exports, encouraging the private sector to play a more dynamic role in the national economy, inducing self-confidence in the local industries by exposing them to the international competition, increasing supply of consumer items and cushioning the adverse impact that the import regime might have on the industries.

He said that 122 new items had been made importable including all ranges of computers, machinery of different kinds including heading machines, hardware making machines, drums and tin container manufacturing machines, battery manufacturing machines, asphalt heating machines, sharpening, trimming, trueing dressing and surfacing machines, plastic moulding machines and extruders, road-rollers, rechargeable solar batteries, regenerated fibre, micro-films, coconut seeds for food for invalids and grey cloth.

## ENERGY CONSUMPTION FIGURES REPORTED

Islamabad THE MUSLIM in English 26 Jun 83 p 6

[Text]

KARACHI, June 24: The total primary energy consumption in the country is currently around 23 million tons of oil equivalent (MTOE), according to an official study.

Of this two-third are met by commercial energy resources with about one-third of the consumption being based on non-commercial energy resources like firewood, charcoal and cowdung.

Oil and gas account for more than three-quarters of the energy consumption. Gas has emerged over the years as the leading domestic source of energy, partly replacing coal. Pakistan has large coal reserves, though of low quality.

Oil is by and large an imported source of energy, import of oil accounting for 90 per cent of oil consumption in the country and 35 per cent of commercial energy consumption.

Oil is produced in relatively small quantities from a number of fields, many of which are old and depleting.

Recently, oil production has been supplemented by development of Meral. Now oil discoveries

at Adhi and Khaskheli have helped offset the decline in production from old wells and maintain the ratio of domestic production to the total oil consumption at around 10 per cent.

The most dramatic changes in the last 35 years are the major decline in the use of coal, greater reliance on artificially cheap natural gas and steady development of country hydro potential.

The end-use consumption pattern of the commercial energy for 1980-81 shows that 46 per cent is utilised by industry with transport sector ranking next with 31 per cent. Household commercial consumption accounts for around 15 per cent of the commercial energy use. Agriculture sector lags behind as a user of only 8 per cent of commercial energy. The share of agriculture is expected to increase significantly with the proposed farm mechanisation.

In 1982-83, per capita commercial energy consumption is estimated at 1.3 barrels of oil equivalent indicating a compound growth rate of 6.5 per cent for the period 1947-83.--PPI

CSO: 4600/761

## SOLAR POWER PLANT BEING INSTALLED

Karachi MORNING NEWS in English 29 Jun 83 p 5

[Text] Islamabad, June 28—The Pakistan Government has launched an ambitious solar power programme of electrification code named Project Sunshine, making Pakistan the first country in Asia to start commercial use of photovoltaic cells.

The comprehensive programme being implemented by the Energy Resources Cell envisages manufacture of photovoltaic cell storage facilities for sun power along with a gradual extension of the solar energy to remote and difficult areas. One of the biggest solar power plant of 100 kilowatt, the biggest plant in the world to provide electricity on commercial scale is being set up at Kharan in Baluchistan.

Bids for the project were closed earlier this month and 13 foreign firms are reported to have taken part in the bid.

It may be pointed out that although solar power plants of up to 1,000 kilowatt are operating in the United States and Japan its application of commercial scale has not yet started, anywhere in the world on a big scale.

Kharan district in Baluchistan has been selected for the 100 kilowatt solar plant because of its difficult and remote terrain. There is no sub-surface or above surface water in the Kharan district which makes it difficult to be linked to the National Grid. At present it is receiving electricity for a short period of time every day from diesel run power plant.

The two solar power stations of five milliwatt are already operating at Jugarjhan and Kankui, in Swat, and an amount of Rs. 40 crore has been earmarked to set up at least eight power stations of different capacity in all the four provinces.

### Project Sunshine

Project Sunshine seeks to involve private sector into the manufacture of components for the solar power which is in the process of research and development. A local manufacturer of Exide batteries has been asked to build storage facility.

In fact, Pakistan is reported to be self-sufficient in storage of sunpower which is an important part of the solar power system. Understanding has been reached with two Japanese and American firms for setting up facilities for manufacture of 500 kilowatt of modules per year by 1986 in the private sector in Pakistan.

Under the policy being pursued by the energy resources only such areas are being selected for solar energy which are out of the way and inaccessible for some reason two five kilowatt stations are being set up at Dadu and Thatta which would be upgraded to 10 kilowatt next year. Other sites selected for solar eletrification include Sheikhupura, 10 kilowatt, Gujrat 30 kilowatt, Bekar Bugti area 10 kilowatt, Miro Badhiat, Sialkot 15 kilowatt, Loa Gani Swat 20 kilowatt Khaliqabad Lahore 10 kilowatt, Kekora Lasbela 5 kilowatt.

Pakistan is being assisted in the solar electrification programme by the European Economic Community and Japan through grants ond financial assistance of long term duration.

CSO: 4600/763

COMMISSION FOR SCIENCE, TECHNOLOGY PLANNED

Islamabad THE MUSLIM in English 28 Jun 83 p 8

[Text]

KARACHI, June 27: A high powered National Commission for Science and Technology (NCST) headed the chief executive of the country, will be set up as the APEX decision making and coordinating agency during the sixth five year plan, it was officially learnt here.

It will help in linking the overall effort for promotion of science and technology in the nation and its application to development with the requisite political will and authority.

A committee comprising representatives of planning commission, ministries of science and technology, commerce, industry and production will be created on permanent basis for identifying the growth points of applied sciences and bringing together investors, industrialists, scientists and technologists for planning future technological developments in the country.

Strengthening of the existing re-

search institutions would be given the highest priority so as to ensure the desired high level of their performance. All research institutes shall enjoy complete administrative and professional autonomy.

Suitable institutional arrangements will be made at grass roots level to provide ample opportunities for direct participation by people at large in the application of science and technology to fields which have a direct impact on their socio-economic uplift and quality of life.

Highly qualified and experienced professionals in the private sector will be encouraged to set up consultancy services in engineering and other technical fields including standardisation and quality control of manufactured goods maintenance and calibration of physical standards and general research and development work.

-APP

CSO: 4600/762

## COMMITMENT TO TECHNOLOGY DISCUSSED

Islamabad THE MUSLIM in English 29 Jun 83 p 4

[Text]

HAVANA. PAKISTAN's commitment to the development and spread of technology in the country and throughout the Islamic world was conveyed by Brig. (Retd) M. Sardar Hussain, Secretary of the high-level government committee co-ordinating the growth of computer technology in Pakistan, when he attended the launching meeting in the Cuban capital recently of the special programme of informatics for development (SPINDE). The meeting laid the ground work for the SPIN II Conference on strategies and policies for informatics in development due to be held here in 1984.

Pakistani participation in the SPINDE meeting in Havana convened by the Inter governmental Bureau For Informatics came in the wake of the meeting in Islamabad under the auspices of the Organisation of Islamic Conference to translate into reality the OIC decision on Islamic Science Foundation and the initiation of scientific research and development in the Islamic world. Although all the member states of OIC are committed to the development of science and technology in the Islamic world, so far only Saudi Arabia and Pakistan have come forward with concrete assistance for this purpose.

Many Arab, African, Latin American and European countries were represented at the I.B.I.-sponsored meeting in Havana. Both Pakistan and India attended the meeting as "observers" as they have not yet joined the inter-governmental body created as a result of an ECOSOC resolution in the fifties to provide computer services and technology to the poor and developing nations. I.B.I. has played a notable part in the "Arabisation" of informatics, which would be invaluable in facilitating data flow among the 22 Arabic speaking countries when

the Arab League-sponsored communications satellite "Arabsat" starts functioning in a year or two.

The Moroccan and Tunisian experts, who played a leading role in the development of the code for use of Arabic in computers, told the Havana meeting of the rapid strides made by this project. The use of Arabic would transform the computer scene in the Arab world and bring this great technological innovation closer to the Arab peoples. They said that it was a great breakthrough for the growth of computer science in the Arab world. As a result, even school children in Morocco are today able to take interest in computers, and efforts are now under way to familiarise Moroccan and other Arab children with computers. Alongside the efforts being made to introduce computer technology to the younger generation, courses have also been introduced to introduce computer technology to the older generation. Pakistani representative evinced great interest in the Moroccan project, in which French experts have been collaborating, at the Havana meeting.

The SPIN I Conference, held in Torremolinos in Spain in 1978 under the joint auspices of I.B.I. and UNESCO, recognised the use of computers as a tool for efficient administration and accelerated development as a profound political phenomenon, rather than just a technological one. The SPIN II Conference, which is due to take place in Havana in the autumn of next year, is aimed at creating an awareness of the fact that the use of computer technology is a necessary—although not exclusive—condition for the development and sovereignty of the developing nations in Asia, Africa and Latin America.

The importance of the SPIN II Conference was recognised by the meeting in New Delhi earlier this

year of the Heads of State or Government of 101 Non-Aligned Nations. In their Final Declaration, the Non-Aligned leaders called on all the member states of the Non-Aligned Movement to "actively participate" in the SPIN II Conference in Havana next year. So far seventeen meetings of different types have been held in preparation for the SPIN II Conference. At least 15 Heads of State and more than 60 countries have been involved in the preparations for this conference.

Information and computerised technology hold the key to the progress of mankind in the decades to come. The development of this technology is at present concentrated in one or two countries, and this presents a great disadvantage to the developing nations. Faced with the widening technological gap between them and the major nations developing and controlling computer technology, the developing nations have no choice but to pool their resources and efforts to overcome this serious handicap. The developing countries have also to earmark more resources for education, a matter of great priority for these countries.

Information are of great assistance to the developing nations short of resources and skilled manpower. More efficient use of limited resources and trained management can be made by the use of computer technology. The government in the African state of Togo, for instance, has developed an information storage and retrieval system with the help of I.B.I. for its President and his senior advisers. Speedy availability of information and data is of great assistance to the decision makers and the planners.

Informatics is also being used in many other fields, such as medicine, law, tax collection, payroll and banking. The major powers possessing satellites are today able to obtain information about natural resources, crops etc., and store this valuable information about different parts of the globe in giant computers. The availability of this data can greatly assist the developing nations, and it is one of the aims of I.B.I. to create regional centres and data banks which can furnish information for development purposes to the nations of Asia, Africa and Latin American.

The transmission of information requires infrastructure for data flow across national borders and within the developing countries. The use of communications satellites and other modes of transmitting data is indispensable, and I.B.I. has undertaken a study to overcome the lack of communication facilities in its possession invaluable information about ground water and other natural resources in Pakistan and other developing countries. This information has been gathered with the aid of the powerful satellites launched into the space at various times. The development of water resources and agriculture can greatly benefit from the proper utilisation of such data. It may be easier and cheaper to obtain and use such data on regional basis, provided the infrastructure for data storage and transmission can be created in the Third World.

The world stands on the brink of a new industrial revolution. This great leap in the progress of mankind is based on a limitless source—INFORMATION. The electronic means are now available to obtain, store, disseminate and utilise information for development and progress. Unless Pakistan and other developing countries can comprehend and master this new technology, their progress may be seriously retarded.

## WATER, SANITATION TO BE IMPROVED

Karachi DAWN in English 30 Jun 83 p 12

[Text]

ISLAMABAD, June 29.—The Government will spend Rs. 12,600 million on the supply of potable water and improvement of sanitation during the Sixth Five-Year Plan period 1983-88, official sources said here.

Of this total amount, the investment in the urban areas will be Rs. 6,500 million and the rural areas Rs. 6,100 million. The financing of the entire programme will be arranged partly through the Annual Development Programme (ADP) allocations and partly through the resources of public corporations and local bodies (both urban and rural).

In the urban areas, it is proposed to increase the population coverage in regard to the piped water supply by nine million persons, thus raising the percentage of

population served from the existing level of 77 to 90. In case of sewerage, sanitation and drainage, the coverage in urban areas will increase from the present 48 to 60 per cent by providing necessary service to an additional population of about seven million.

Due to increased demand for water supply in Karachi, two projects, one based on the Indus River source and the other on Hub Dam will be executed at an approximate cost of Rs. 800 million which will augment the existing supply by 139 million gallons per day still leaving a shortfall of 20 million gallons per day.

Only about 20 per cent of the Karachi population presently has

access to sewerage facilities. Two new sewerage treatment plants together with sewer lines will be provided to increase the population coverage to 40 per cent.

The expansion of the water supply and sewerage systems will also be undertaken in other major cities such as Lahore, Faisalabad, Islamabad, Hyderabad, Rawalpindi, Multan and Quetta.

In the rural areas, potable water supply will be provided to an additional 18.0 million people thereby increasing the percentage of population served from 22 to 45. As regards drainage and sanitation the coverage will be increased by four to 10 per cent by serving an additional population of 4.50 million.—APP.

CSO: 4600/763

## MOST AUTOMOBILE PARTS NOW LOCALLY MADE

Islamabad THE MUSLIM in English 26 Jun 83 p 7

[Text]

KARACHI, June 25: The units of the Pakistan Automobile Corporation Ltd (PACO) assigned with the manufacture and assembly of the cars, trucks, buses, tractors and four wheel vehicles are using in many cases nearly to 60 to 80 per cent of the local components in their products and thus saving an appreciable amount of foreign exchange to the country.

This was stated by the Chairman of the PACO Major Gen. (Retd) Jalaluddin in the interview with PPI.

Gen. Jalaluddin said that it was the endeavour of the PACO to use cent per cent of the local contents in the cars and other vehicles manufactured and assembled in Pakistan. In this connection he said in various units the local contents of the cars, trucks, buses, vehicles, jeeps etc. was being gradually increased to reduce the imports. These efforts he said have yield quite satisfactory results and in many cases the quantum of local contents have increased considerably. This was a part of the policy to reduce the imports further by setting up more industrial units which could cater the requirement of the transport industry.

The Chairman PACO said that the method adopted by the PACO was that local parts be increased on self finance and self earning investment.

Gen. Jalaluddin said that out of

the ten units, seven units have already undertaken progressive manufacture of automobiles, tractors and related automobile parts. The rest of the units are manufacturing engines, wheel rims, trailers, bodies, and domestic appliances such as airconditioners and refrigerations.

The Chairman said that PACO units were assembling and manufacturing cars, trucks, buses, and tractors, among the products are Suzuki range of vehicles, Bedford trucks, buses, and Suzuki range of vehicles Toyota land crusher, hiluxpick up, Isuzu range of trucks Massey-Ferguson tractors and Suzuki motor cycles, in this connection he said the PACO was able to earn net profit of Rs. 196,347,000 during 1982-83.

Gen. Jalaluddin was of the view that a stage has come in the automobile history of the country when Pakistan could switch over to giving Pakistani names to its products, but, he said, personally, he felt we should not do it for another four years. The reasons being that during this period we must carry out extensive research on development and designing.

In this connection he said if PACO wanted it could give Pakistani name to the Suzuki cars manufactured in Pakistan but we did not find it appropriate at this stage though there is a number of countries in the neighbouring world, who gave their national names to the

products, whose designs were not their own.

Replying to a question, the Chairman PACO said that ever since the present government assumed responsibility, the administration of the PACO brought about significant changes in streamlining the functions of the units attached with it. The idea was to make the country self-sufficient in its transport requirement and also to save country hard earned foreign exchange. In reply to another question, Gen. Jalaluddin said that except for one year the PACO has been profit earning. He said there might be some units of the PACO sustaining loss but on the overall the PACO was earning profit.

He disagreed with a question that with the increase in the production of more cars, vehicles, etc. a situation would develop when Pakistan will reach a point of saturation in its demand. He said that Suzuki car which is at present comparatively cheaper will be in demand for all times to come because the middle class people can afford it. Elaborating he said the rich people normally purchase costly cars and after using them for few years sell them back to the middle class people. Since of the range of its prices which is now equivalent to new cars of Suzuki, as such, instead of purchasing old cars middle class people will be able to purchase new Suzuki cars. —PPI

CSO: 4600/762

INCREASE IN CRIME NOTED

Lahore VIEWPOINT in English 30 Jun 83 p 34

[Text] According to a PPI report quoting official figures, 14,150 murder cases were registered in the country from January 1980 to December 1982. IN all, 500,409 crime cases were recorded. There were 11,248 abduction cases--1,110 higher than in the last three years (January 1976 to December 1978). There was also an increase in dacoity cases. Overall, there was an increase of 8 to 20 per cent in various categories of crime between 1980 and 1982. However, the incidence of crime fell in 1979. It may be noted here that in 1976-78, two thousand fewer murder cases were registered than in 1980-82.

According to the report, which is based on official figures, in the three years ending 1982, the incidence of murder, dacoity, abduction and the overall crime rate was higher than in the preceding three years. In a country which is being made a citadel of Islam and in a country where Islamic laws are being promulgated, this stirring increase in crime should provide food for thought both for the powers that be and for society at large. Political leaders and newspapers keep bringing it to the notice of the Government that crime is increasing in the country. Nor can it be logically denied that an increase in crime is invariably accompanied with an increase in graft. If the administration continues to perform its duties with the same 'diligence' as it is doing now, the country will soon become a happy hunting ground for criminals. It is to be especially noted here that the Islah-i-Muashra (social reform) campaign was launched during these very three years and it has proved futile.--MAGHRABI PAKISTAN, June 25.

CSO: 4600/762

## BALANCE OF PAYMENTS SURPLUS EXPECTED

Karachi BUSINESS RECORDER in English 30 Jun 83 p 1

[Text]

RAWALPINDI, June 29: The Federal Cabinet met here today to discuss foreign exchange estimates for the year 1983-84 and revised estimates for the year 1982-83 and also approved Import Policy for the next fiscal, it was officially stated here today.

The Cabinet was informed that against a basic balance of payments deficit of US dollars 864 million in 1981-82, for the first time during the past 10 years, a basic balance of payments surplus of dollar 310 million is expected in 1982-83.

The overall surplus in the balance of payments is expected to be dollar 723 million. This will include the net use of IMF resources amounting to dollar 424 million.

It was stated that the export receipts in 1982-83 would be slightly higher than the EFF (extended fund facility) target of dollar 2.608 billion. There was a 50 per cent increase in value of non-traditional exports this year compared with the actuals of 1981-82. This has increased the share of manufactured goods in Pakistan's export basket.

In the field of imports, the Cabinet was informed that the expected 6 per cent increase in volume did not materialise and the revised estimates of dollar 5.729 billion are lower than the actuals of dollar 5.679

billion in 1981-82 indicating a reduction in the volume of imports during 1982-83.

**HOME REMITTANCES**

Reviewing the position of home remittances the cabinet was informed that there has been rapid growth in this field during the year 1982-83. The estimated receipts of home remittances are expected to increase by 28 per cent to dollar 2.85 billion compared to dollar 2.224 billion in 1981-82.

As a result of 13 per cent growth in export receipts, reduction in the volume of imports, 28 per cent increase in home remittances, the current account deficit is expected to be contained at dollar 730 million which is less than half of the actuals of dollar 1.61 billion for 1981-82.

In the budget for 1982-83 the invisible account showed a surplus of dollars 1840 million whereas in the revised estimates the surplus has increased to dollar 2374 million mainly due to better performance of home remittances.

The current account deficit has been reduced to dollar 730 million because of surplus under the invisible account during the year which are estimated to be dollar 3998 million.

To sum up as a result of realistic exchange rates, strong demand management measures and import substitution, in spite of meeting full requirement of the economy for POL, edible oil, fertilizer, automobile, tractors and capital goods, it was possible to contain the import bill at the same level as last year.

## DEFENSE PRODUCTION, LESS RELIANCE ON IMPORTS ADVOCATED

Karachi BUSINESS RECORDER in English 19 Jun 83 p 2

[Editorial: "The 'Teeth-Tail' Ratio in Defence Production"]

[Text] The revelations made by the Federal Finance Minister, Ghulam Ishaq Khan in his post-budget press conference about defence production in the country, are really heartening. Increased expenditure on defence preparedness is, indeed, a necessary evil, not only for this country but for all small countries. It is, of course, the ratio of defence expenditure to the development expenses to be incurred for bettering the lot of the people particularly in developing countries like ours, which creates the problems. Since its inception to this day, Pakistan has been facing problems which called for building up a strong defence. A time had come when some reduction under this head could be made, but that period was so short that even planning in this regard could not be undertaken. The geo-political developments that took place during the seventies made it obligatory for the country to redouble its efforts towards strengthening its defences. Nothing is dearer to the people of this country than their sovereignty and independence. In circumstances when the very foundations of the country are in danger, there is just no alternative to increasing the defence expenditure.

The first way to meet the defence requirements was, in the words of the Finance Minister, to strengthen 'the teeth' and ignore 'the tail'. This involved large-scale and indiscriminate imports of defence equipment. The strategy though resulting in immediate acquisition of weapons, would lead to greater reliance on others. It had to be resorted to because there was no way out before us. However, efforts had to be made to achieve as much self-reliance in this sphere as was possible. It is this aspect of defence preparedness which is most encouraging. 'The tail and teeth' ratio has been improved over the years. That a substantial share of defence allocations is being used for defence production at home, is really a heartening feature. The fact has been substantiated by the figures the Finance Minister has quoted. This country has already achieved the production level where as much as Rs. 70 crore worth of defence equipment is being exported to friendly countries every year.

We agree with Ghulam Ishaq Khan that defence industry belongs to the sophisticated field of production involving heavy investment. Pakistan cannot go

beyond a limit in this sphere with a limited market. As such, total independence in defence production is not possible. However, we feel that production of defence equipment can still be increased with the cooperation and active collaboration of brotherly Muslim countries of Gulf and Middle East. There exists wide scope for cooperation with them in this field. These possibilities should be explored and exploited to the maximum.

That the private sector in the country has also been contributing in the field, is again a matter of satisfaction. There are a number of fields where civilian production can be used for defence production as well. We are launching tractor manufacturing. We are already making road rollers and several other items which we need. Provision can, however, be made to use some of this capacity for making defense equipment without much alteration in normal production line.

On the whole increase in next year's defence budget of 8.6 per cent over the current year, is not much. As a matter of fact, the actual increase would be still lower after deducting the impact of inflation. The Finance Minister has himself calculated it and disclosed that in real terms this indicates some decline in relation to our GNP. During the current year defence expenditure constitutes 6.4 per cent of the GNP which would come down to 6.2 per cent next year. This can also be interpreted as Pakistan's determination to solve all its differences with other countries particularly its neighbours through peaceful means. The equipment acquired or made at home is meant to be used only for its security which, of course, cannot be exposed to external dangers.

CSO: 4600/761

## ILL EFFECTS OF REMITTANCES EXAMINED

Islamabad THE MUSLIM in English 24 Jun 83 p 8 Magazine section

[Article by Ikram Azam]

[Text]

In an age of growing materialism, human ties tend to recede before the conquering might of the sleek silicon of the cash nexus. Disillusioned in a suffocating system that fails to deliver the expected socio-economic and political goods and services, people get alienated from the local milieu and national environment. Thereafter, they seek greener pastures elsewhere, either within the country in unplanned urbanisation, or even in migration abroad.

The result is a brain drain (trickle?) and a labour flood or exodus. What else can they do, if the country can not plan to employ them usefully at home? Abroad, they earn all the lavish foreign remittances which, as their mainstay, keep both their families and the country going. Farhat Ullah Babar, writing in the Muslim a couple of months ago pointed out:

"According to recent figures released by the government of Pakistan, our annual foreign exchange earnings from remittances abroad have crossed the three billion dollars mark, which is almost 30% more than Pakistan's total annual exports in 1982 of all commodities. . . . 'This is a situation which calls for thoughtful reflection, as it makes our country dependent upon an uncertain source of income with no real growth and development taking place within the country. . . . This real income' . . . .

Yes - there are many and serious dimensions to this situation.

Two million Pakistanis are reportedly working abroad, mostly in the Gulf and Middle East. Three million Afghan refugees are said to be in Pakistan. Both are apparently, temporary migrants - who may spend a life-time or generation abroad - or more. The difference is that while the region comprising Pakistan has always been an open, warm and willing home to wave after wave of refugees, over the centuries, the rest of the world squeezes dry the best in its migrant or so-called guest workers and discards the uprooted, alienated husk to the home countries. The imperial metropolitan . . . colony connexion continues in its inhuman - human manifestations. Thus, foreign settlers for centuries and generations are being ousted mercilessly from Africa. Elsewhere, too, life is a constant challenge from the hosts, whose rejectionist policies are ever-increasing. In a sense, our world is not only getting smaller/one, it is becoming pettier, too. Pakistan devoting the best years of their lives in the service of other countries still remain refugees and aliens. They have no citizenship or human rights, to which they are fully entitled, at least on humanitarian grounds, because of their life-long allegiance. They say, even the progeny of foreign women married to the Mid-Easterns, do not, automatically acquire their citizenship. Does that make them the latest global basket case for identity, on being disowned by their own fathers and country? On the other hand, they say that the local employees of the U.S. Embassies any-where abroad are entitled to American citizenship, after a certain minimum length of service. But we Muslims, even though we claim to be a single universal "Ummah", have secularised our citizenship to suffocating stringency.

What awaits back home the return of our millions abroad? For the boom is bound to end sooner or later. Conspicuous consumerism already stares them in the eye here at the home front. For what they earn and remit through their blood and sweat, their families and parasitic idlers squander on copy-cattling the neighbours because of the demonstration effect. Their generous remittances also find their way into palatial real estate and unplanned urbanisation. Their families are getting socially disoriented, instead of more cultured/educated, because of the new-found wealth, materialistic values and life styles. When they return, it will be not only with fresh funds but high standards of work ethics and living, and even higher expectations. If we, who have spent all our lives in Pakistan, simply can not get used to the common socio-economic evils and bureaucratic malpractices, because they are so unworthy/low, how can we expect those exposed to foreign influences and better ways, to accepted our typical traits and pitfalls? This is bound to have a destabilising effect throughout the country – for which we must be mentally prepared well in advance. Foreseeing this menacing future of rehabilitating them with the least trauma, their own savings/remittances need to be channelised creatively, so as to generate secure, on-going job opportunities and steady earnings for them. Agriculture and industry, trade and commerce, all offer potential sources for investment. In the meantime, wasteful consumerism, whether individual or governmental, needs to be curbed. Their dependents' essential interests also need to be care-taken on a scientific, not adhoc or expendent basis. They have to be reeducated on the best use of their received wind-falls in which they, themselves, could be employed gainfully.

That was on foreign remittances. What about the money generated at home – through monetary and fiscal policies, etc.? They say: delinking is not devaluation. Call it a thorn by whatever name you like, it still remains a thorn! Let them

play with their set words, in self-delusion. The common consumer is not concerned with official handouts, data and statistics. For the wearer knows where the shoe pinches. Go out for shopping just once a month, and you will know your money's worth. You will then learn to value the security of your home! But here, too, the false service charges and water, gas, electricity and phone bills haunt you. It's no help that the whole family is working. The faddish, freakish free market economy devours everything you have. (Perhaps the policy makers could still be roused to the bitter reality, if they did their own shopping, for a change!). The price of no single consumer items remains steady for two running days! Inflation and high costs, low wages and excessive taxes are an explosive mix for any revolutionary potential. Generally, the security-seeking, playing safe, low-lying, status-quo oriented middle classes are the defenders of any system, for they have much at stake in it. In Pakistan, on the other hand, the way they are being nibbled at, even if they don't decide to become the agents or precursors of change, they are not going to resist it when it comes. For they, have nothing to lose but their inflationary poverty and tension! Yet there is much more black money than white, in Pakistan, (than one can imagine). And it shows – shrill and scandalous!

Pakistan's Sixth Five Year Planners better be aware of these impelling facts and factors. Or they will only be building glass castles in the air and in vory towers in their security sealed secretariats.

As for pay commissions and committees, many have come and gone. The net result: Trickling, miserly dole long overtaken by inflation, since their expected reforms take ages to materialise, while home gets spirited to heaven, itself. Till these cold-blooded committees come down to the dirty earth of daily living, they will continue to tinker and fudge with marginal figures, like 'munshis' and 'munimjees' do. The results – peripheral gains but absolute alienation through fierce frustration. Instead, they should try to corre-

late the unreality of money with the reality of living – at the bare subsistence and not starvation level. The real worth of money, its purchasing power, diminishes almost proportionately to the value of basic needs, goods and services sought just for making both ends meet or ekeing out a living. Then, for a change, won't these pay committees care to consider to tie te wage packet with the acknowledged rate of inflation? At-least the annual increment can be so linked. The other back-breakers are housing and conveyance, education and medical. We are not talking of any recreation at all. The loud-mouthed annula Rest and Recreation Allowance ( – maximum Rs. 500/- !), gets cut by about one half, if one goes on leave, because then no conveyance allowance is granted. Why not to substitute it with adequate 'Ediee' on the two Eids? At-least then the children (and servants) will be happy!

Ah! Money! Money!! Money!!! But where are you? One sees it all around in he country. The gluttoned 'baras', the palatial houses, the zooming cars, the dolled up begums, the overcrowded public places, the shopping trips abroad – etc., etc. Perhaps the twenty two families of the 1960's and 1970's have proliferated into 220 or 2220 – etc. But the poverty gap between the haves and have-nots, the credibility gap between the ruling elite and the alienated groundlings, and the intellectual generation gap between the old votaries of democracy and the new moon rakers for heaven on earth, is ever-increasing, menacingly. Is this Islamic? If not, our policy makers and planners will have a tough time trying to reconcile such rugged reality with their own bureaucratic machinations and the Islamic ideals of the visionaries and dreamers who first creat out counry. Because it was bustling nation even before its birth! Our neighbours are warily watchful over their shoulders and across the corner. The rest of the world too, is an anxious onlooker. Let's not lose our real worth in worthless money!

## BRIEFS

FLOOD CONTROL MEASURES PLANNED--Multan, June 29--A sum of Rs. 1.5 billion has been earmarked in the Sixth Five-Year Plan for various flood protection measures. It will be spent on the on-going schemes in all the provinces of the country including construction of spurs, bunds, earth-filling and provision of stones. Moreover the existing about 1000-mile long protection bunds would be repaired and strengthened. Flood protection arrangements have reportedly been completed in Dera Ghazi Khan district which consists of 300 'muzas,' divided into six sectors. One relief centre has been set up in each sector. An Emergency Control Centre has been set up in the office of the Assistant Commissioner. The Zamindars of Alipur tehsil in Muzaffargarh district have demanded strengthening and repair of all canal banks in the area to protect their crops and other property from floods. [Text] [Karachi DAWN in English 30 Jun 83 p 12]

NWFP REFUGEE POPULATION--Peshawar, June 24--The number of Afghan refugees currently living in 279 camps in N.W.F.P. is 2.084 million and not 2.4 and 2.8 million as reported in a section of the Press. A section of Press giving report of a high level meeting in Peshawar yesterday said that the refugee population in the province stands at 2.4 and 2.8 million. It has been clarified that the number of afghan refugees in the province stood at 2.084 million on June 15th. Also in N.W.F.P. so far 240,000 tents have been provided to the refugees and not 240 lakhs as reported in a section of the Press.--PPI [Text] [Islamabad THE MUSLIM in English 26 Jun 83 p 6]

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August 3, 1983